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Written Only-Neutral Testimony on H.B. 2096  
By Scott M. Gates, Education Savings Director and General Counsel  
House Financial Institutions and Pensions Committee  
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As the administrator of our state's three 529 Education Savings Plans, Learning Quest, Learning Quest Advisor and the Schwab College Savings Plan, our office defers to the Legislature on the policy issues raised by this bill. We are familiar with these types of seed programs through our work with the national College Savings Plan Network and believe that our office has the capacity to administer this program if adopted.

Since their inception in 2000, our plans have grown to over \$6 Billion in assets. Our greatest challenge has been overcoming inertia and getting families into the long-term saving mindset. Seed programs like the one proposed in this bill help overcome this challenge by automatically opening accounts. All parents would be able to opt in to have an account automatically opened when they apply for a birth certificate. The bill also provides initial deposit grants for a TANF eligible population that may need help getting started. We know that saving for college has its challenges and it's important to get started early. We have seen successful seed programs started in other states, and giving parents the opportunity to get started at birth could be a great tool in helping our state develop a culture of savings.

We appreciate that HB 2096 includes a funding source, but will defer to the Department of Children and Families on the use of TANIF dollars for this purpose.

We appreciate the flexibility in section 4 of the bill to work with the current Program Manager of our 529 Plan or seek proposals from the financial services industry for a separate plan. This will let us use the economies of scale that we have developed over the years to keep costs down rather than starting a whole new plan from scratch.

The ultimate goal of these programs is to spark families to invest their own funds after the state gives them a nudge to get started. Therefore, we would measure success not by how much state funds we deposit in accounts but rather by how much we can encourage families to save for their students in addition to the state dollars provided by the grants.

Our office is willing to answer any questions you may have about administering this type of program.