

# Maryland 529 State Contribution Program

FY 2017 Final Report

December 2017

Senate Bill 676/Chapter 689

(MSAR #11397)

Pursuant to SB 676/Ch. 689, 2016



*formerly College Savings Plans of Maryland*

## **Report for Senate Bill 676/Chapter 689, 2016 (MSAR #11397)**

Maryland 529 provides flexible and affordable 529 plans to help Maryland families save for future college expenses and reduce dependence on student loans later. Maryland 529 is an independent, non-profit State agency that offers two 529 plans, the Maryland Prepaid College Trust and the Maryland College Investment Plan.

Each plan has its own set of unique features and benefits, and both offer federal and Maryland State tax incentives. Savings in either Plan can be used toward qualified higher education costs both inside and outside of Maryland.

To ensure all families throughout Maryland, especially low-income families, have the opportunity to start saving for college for their children, the Maryland General Assembly passed and the Governor signed into law the College Affordability Act of 2016 (Chapter 689 of the Acts of 2016) which took effect on July 1, 2016. This legislation established a State Contribution Program for income-eligible families.

In the accordance with direction contained in that legislation (Section 4 of Chapter 689 of the Acts of 2016), the Maryland 529 Board was tasked to report on: 1) whether the State contribution program established under this Act increased the number of low-income individuals that establish an investment account; and 2) actions taken by Maryland 529 to provide outreach and marketing to low-income individuals regarding the Prepaid College Trust and the Investment Plan.

## **State Contribution Program Enrollments by Low-Income Individuals Compared to Maryland College Investment Plan (MCIP) Total Enrollment**

During the period of January 1, 2017 through June 1, 2017, the statutorily-specified application period for the State Contribution Program, there were 3,084 applications for the Program. Further review of the applications showed that 1,888 account holders were responsible for filing those 3,084 applications. This implies that a single account holder may have applied two or more times, with each application referencing an account with the same account holder, but a different beneficiary.

For Fiscal Year 2017, the State provided \$453,750 to fund 1,815 MCIP accounts that were eligible to receive the \$250 State Contribution. Of the 3,084 applications received, it was determined that 1,269 Program applicants were deemed ineligible to receive the State contribution for the following reasons:

- Account holder already had an MCIP account for the same beneficiary;
- Beneficiary did not reside in Maryland;
- Account holder's Household Income (HHI) exceeded \$112,500 for an individual filer or \$175,000 for a joint filer; or
- Account holder did not make the required minimum account contribution of \$25, \$100, or \$250 by November 1, 2017.

### **Household Income (HHI) Summary**

Nearly half of the new MCIP accounts opened as a result of the State Contribution Program were opened by account holders with a household income below \$75,000 (joint filers) and \$50,000 (individual filers). As shown below, this represents a significantly larger percentage of low-income account holders than are traditionally represented in the College Investment Plan.

### **Traditional (Non-State Contribution) MCIP Accounts**

Approximately 75,000 new MCIP accounts were opened between January 2013 and June 2017. Of those accounts, 43% of account holders provided HHI data.

- HHI over \$150,001: 51%
- HHI between \$100,001 and \$150,000: 28%
- HHI below \$100,000: 21%
- HHI below \$80,000: 11%

## State Contribution Accounts

MCIP Account Holders eligible for the State Contribution Program were required to make a minimum contribution to their MCIP account by November 1, 2017 in order to receive the \$250 contribution.

The minimum contribution amount is determined by the account holder's Maryland taxable income. Of the 1,815 MCIP accounts that were eligible for the \$250 State Contribution:

- Nearly 88% of eligible State Contribution applicants verified by the Comptroller claimed a HHI less than \$125,000 for joint filers and less than \$87,500 for a single filer.
- 43% of qualified applicants cited a HHI of less than \$75,000 for joint filers, and less than \$50,000 for individual filers.

Single	Married Filing Jointly	Minimum Contribution	# of FY17 Eligible Applicants That Made Minimum Contribution
Less than \$50,000	Less than \$75,000	\$25	799
\$50,000 to \$87,499	\$75,000 to \$124,999	\$100	808
\$87,500 to \$112,500	\$125,000 to \$175,000	\$250	208

## Geographical Map

The chart on the following page summarizes the MCIP applications received for each county in FY 2017, breaking out the number of State Contribution Program applications and Total FY 2017 New Enrollment in the MCIP.

Approximately 75% of all MCIP applications in FY 2017 came from central Maryland and the Washington, DC corridor, which includes: Baltimore City, Baltimore County, Anne Arundel County, Howard County, Montgomery County, and Prince Georges County.

There was a 2% increase of applications in the State Contribution Program compared to general MCIP enrollment in Baltimore City, which has a poverty level of 23.3% and a 2% increase in Prince Georges County, which has a poverty level of 12.5%. In the Central Maryland/DC corridor area, these two counties have with the highest level of households with children ages 5-17 living in poverty.<sup>1</sup>

There was also a 1% increase of applications for the State Contribution Program in Cecil County, which has a poverty level of 14.5% in households with children ages 5-17.

Maryland Counties	Applications	State Contribution Application %	Total FY 2017 New Enrollment %	Difference
Montgomery	716	27%	35%	-7.7%
Baltimore	305	12%	11%	0.2%
Anne Arundel	300	12%	11%	0.9%
Howard	261	10%	13%	-2.5%
Prince Georges	227	9%	5%	3.2%
Baltimore City	206	8%	6%	2.0%
Frederick	119	5%	4%	0.1%
Harford	112	4%	3%	0.9%
Carroll	106	4%	3%	1.0%
Saint Marys	52	2%	2%	0.5%
Cecil	41	2%	1%	1.0%
Washington	34	1%	1%	0.5%
Charles	32	1%	1%	0.1%
Calvert	31	1%	1%	-0.1%
Queen Annes	24	1%	1%	0.2%
Talbot	13	0%	0%	0.0%
Wicomico	11	0%	1%	-0.1%
Caroline	8	0%	0%	0.2%
Allegany	5	0%	0%	0.1%
Worcester	4	0%	1%	-0.4%
Garrett	0	0%	0%	0.0%
Dorchester	0	0%	0%	0.0%
Somerset	0	0%	0%	0.0%
Kent	0	0%	0%	0.0%

Enrollment in the MCIP in counties on the Eastern Shore and Western Maryland is typically low and this did not change with the State Contribution Program despite higher levels of poverty in those regions. This may be attributed to the fact that these areas have smaller populations of families with children under age 17, compared to the metropolitan Baltimore area.

Howard County and Montgomery County, which have the highest median HHI in the State, according to StatisticalAtlas.com<sup>2</sup> had the least number of applications for the State Contribution Program, but the most enrollments for traditional MCIP accounts. This is most likely due to the fact that the median HHI in both counties exceeds maximum levels (\$112,000 for individual filers and \$175,000 for joint filers) for State Contribution eligibility.

In summary, based on HHI and geographical data, we can conclude nearly half of the new MCIP accounts opened as a result of the State Contribution Program were opened by account holders with a household income below \$75,000 (joint filers) and \$50,000 (individual filers), compared to 11% of new MCIP accounts that, over the last 4 years, reported income levels of less than \$80,000.

## **Messaging and Communication of the Maryland 529 Plans to Low Income Households**

Based on the State Contribution Program/Maryland 529 Marketing and Communications Plan submitted to the General Assembly in 2016, Maryland 529 completed the following:

### **Maryland529.com Website**

The marketing team developed a section dedicated to the State Contribution Program on the Maryland529.com website and prominently promoted the State Contribution Program on the homepage of the website with a link to the section. A unique website address, [www.maryland529.com/MDMatch\\$250](http://www.maryland529.com/MDMatch$250) was included in all marketing materials and advertising specific to the State Contribution Program.

The MDMatch\$250 page was the 8<sup>th</sup> most visited page on the Maryland529.com website between January 1 and June 1, 2017 with 28,246 page views.

### **Media Campaign**

In FY 2017, Maryland 529 ran a paid advertising campaign promoting the Maryland 529 Plans through cable television, radio, cinema, and digital advertisements reaching hundreds of thousands of Maryland residents. Maryland 529 runs digital advertisements on Google throughout the year to promote the Maryland 529 plans, radio, television, and cinema ads run between November and April during the peak enrollment season.

In rural areas that may not have easy access to the Internet, such as the Eastern Shore and Western Maryland, cinema advertising is an effective advertising method that helps reach families. Maryland 529 ran thirty-second video advertisements on 269 movie theater screens on the Eastern Shore and Western Maryland promoting the Maryland 529 plans during the months of November and December. Additionally, over 445, 30-second radio spots ran on Lite 101.9 and online streaming radio such as Pandora. Fifteen-second cable television spots reached over 429,000 households, and over 300,000 emails were delivered through email marketing campaigns.

In an effort to promote the State Contribution Program, from April 7 through June 1, 2017, customized digital ads ran on Google, NCM.com, and MNI.com throughout the State of Maryland. Additionally broadcast radio ads ran on WERQ-FM, WWIN-FM, and WPOC-FM, to a target audience of adults ages 25+ with children under the age of 6 and household incomes of less than \$75,000.

## Public Relations and Social Media Influencers

While broadcast and online advertisements help build general awareness of the Maryland 529 Plans, written features by reporters from reliable and respected news sources, as well as social media influencers not only help residents get a deeper level of understanding of what the Maryland 529 Plans are, but provide an additional level of trust in the Plans from a third-party source.

Stories covered by traditional media for the State Contribution Program include *Maryland Public Television* live segment, [How to Save for College](#) (September 15, 2016), *The Baltimore Times* article, [Maryland 529 Program helps families save for college](#) (February 17, 2017) and *WBAL TV 11* interview, [Help your child pay for college with Maryland 529](#) (April 8, 2017).

The Maryland 529 plans and the State Contribution Program were also highlighted by the following financial bloggers, and were promoted on the social media platforms Facebook and Twitter.

- Wallet Hacks - *How to Get \$250 for College Savings with the Maryland 529 Save4College Program* (February 15, 2017)
- Clever Dude - *How to Use a 529 Plan to Save for College* (March 27, 2017)
- Maggie Germano - *Why You May Want to Plan Ahead for Your Child's College Tuition* (May 10, 2017)
- Dominique Broadway - *How to Get Free Money for College with Maryland 529's New Program* (May 23, 2017)

## Community Outreach and Partnerships

Maryland 529 worked with the following partners to host informational workshops and/or distribute information about the Maryland 529 Plans and State Contribution Program to lower income households.

- **Maryland CASH Campaign:** Maryland 529 has worked with CASH Campaign throughout the year to promote the State Contribution Program and Maryland 529 plans. CASH Campaign staff helped distribute State Contribution flyers to their constituents at events during the State Contribution Program enrollment period (January 1, 2017 – June 1, 2017). Maryland 529 also sponsored Maryland CASH Campaign's annual Money Power Day in April 2017. Money Power Day is a day for Baltimore area residents who are seeking information regarding managing their personal finances, including credit report review, credit counseling, financial planning, housing counseling, tax preparation and more. Maryland 529 had an information table to help educate families on the importance and

affordability of saving for college and distributed enrollment kits and State Contribution Program flyers to attendees.

- **Junior Achievement:** Junior Achievement (JA) of Central Maryland is part of the world's largest organization dedicated to giving young people the knowledge and skills they need to own their economic success, plan for their future, and make smart academic and economic choices. Their K-12 programs provide relevant, hands-on experiences in financial literacy, work readiness and entrepreneurship. JA reaches more than 40,000 total students in 12 Maryland counties each year through its Biz Town program.

JA helped distribute State Contribution Program flyers to Biz Town educators through May 2017 and promoted the Program through its social media platforms. The State Contribution Program was also promoted through an e-mail campaign to JA educators and PTAs, with a focus on elementary and middle schools, as well as targeted outreach to schools in West Baltimore. Maryland 529 also sponsored JA's Leading Ladies Event in March 2017, which provided additional opportunity to promote the Maryland 529 plans to 300 attendees.

- **Port Discovery Children's Museum:** Port Discovery Children's Museum is a non-profit institution that promotes learning through play for children ages 0-10 years. The museum serves over 250,000 guests per year, primarily from the metropolitan Baltimore area. As a sponsor of the Museum's traveling exhibit, Thomas and Friends, Port Discovery promoted Maryland 529 on its social media platforms and hosted a contest for children to enter to win a \$529 Maryland College Investment Plan by sharing what they wanted to be when they grow up. The Museum also invited Maryland 529 staff to distribute enrollment kits and State Contribution Program flyers during Target Family Fun Nights, a \$2 admission night that primarily serves families from underserved communities in Baltimore City.
- **Maryland Teachers and State Employees Supplemental Retirement Plans (MSRP) and Maryland State Department of Education:** MSRP helped distribute State Contribution Program flyers and general information flyers about the Maryland 529 plans at the benefits fairs their staff attended in 2017. MSDE helped Maryland 529 connect with school systems to disseminate State Contribution Program information through either presentations or informational material. Maryland 529 attended over 60 school PTA presentations between January 1 and June 1, 2017.
- **Maryland State Educators Association (MSEA):** Maryland 529 participated in the annual MSEA convention on October 21, 2016 and on October 20, 2017 and distributed information about the Maryland 529 Plans and State Contribution Program in the Exhibit Hall. This convention was a great opportunity to reach educators and school counselors to enlist their help and resources to extend our reach to families they serve.



- Maryland Public Library System:** The public library system is an excellent resource in disseminating information about the Maryland 529 Plans and State Contribution Program, especially to low-income households and households that lack Internet access. To help build awareness of the college savings plans, Maryland 529 served as a sponsor for summer reading programs in the following library systems: Allegany County; Baltimore City; Baltimore County; Cecil County; Howard County; Harford County; Frederick County; Prince George’s County; and Wicomico County. Each system was offered the opportunity to have summer readers register to win either a \$529 or \$250 MCIP “scholarship.” Many branches helped distribute State Contribution Program flyers in the spring. Additionally, Maryland 529 hosted Save4College seminars at several of the branches to help promote the State Contribution Program and Maryland 529 plans.
- Maryland Department of Budget and Management:** From September through November 2016 and September through November 2017, Maryland 529 attended the Department of Budget and Management’s (DBM) health and benefits fairs throughout the State to promote the Maryland 529 plans and the State Contribution Program.
- Maryland Society of Accounting & Tax Professionals:** As cited in the College Affordability Act of 2016, Maryland residents in households with incomes between \$112,500 and \$175,000 are eligible to participate in the State Contribution Program. According to the 2013 Maryland 529 market research study, more than half of the respondents indicated that their spouse and/or financial advisor has the most influence when it comes to financial decisions. Maryland 529’s Executive Director presented a seminar on college savings and the State Contribution Program at the Maryland Society of Accounting & Tax Professionals (MSATP’s) membership meeting on November 10, 2016. While the attendees were accounting and tax professionals, this audience was helpful in promoting the State Contribution Program and college savings plans in general.
- Minority Outreach Efforts**  
 Maryland 529 worked with TMN Corp., a marketing and communications firm that specializes in marketing to diverse markets. TMN helped translate the State Contribution Program and general Maryland 529 flyer in Spanish and identified partners the agency could work with to help share information about the plans. Through TMN, the Maryland 529 plans and the State Contribution Program were promoted to over 4,000 Maryland and DC families.

Over 2,270 Hispanic families were reached through the Archdiocese of Baltimore, CASA de Maryland, First Baptist Church of Laurel, Mission Helpers of the Sacred Heart, Esperanza Center, and Mother Ann Seton. Over 1,500 African-American families were reached through Jack and Jill of America, and over 320 families were reached through the Asian Pacific Chamber of Commerce.

## Conclusion

Maryland 529 is committed to educating Maryland families on the benefits of saving through Maryland's 529 plans and is pleased to see that more families from lower income households are saving for college through the State Contribution Program. We look forward to increasing participation in the Maryland 529 plans to help Maryland families reduce or eliminate their reliance on loans to pay for higher education costs. Additionally, while not easily trackable, there is evidence (as stated earlier) that even a small amount of college savings can potentially increase the number of children going to college.

## References

1. United States Census Bureau 2016 Small Area Income and Poverty Estimates  
<https://www.census.gov/data/datasets/2016/demo/saipe/2016-state-and-county.html>
2. Household Income in Maryland  
<https://statisticalatlas.com/state/Maryland/Household-Income>