

Opening Statement
Chairman Michael G. Oxley
Financial Services Committee

**Subcommittee on Capital Markets, Insurance and Government Sponsored
Enterprises**

“Investing for the Future: 529 State Tuition Savings Plans”
June 2, 2004

Thank you, Chairman Baker, for holding such an important hearing this morning.

We all know that there are few things in life more essential than a good education. Helping parents save and invest for their children’s higher education is a vital public policy initiative, particularly in this environment of runaway tuition costs.

The success of 529 tuition savings plans is good news, but it is not surprising. These programs offer all families, regardless of income, the opportunity to obtain tax-free growth and distribution on the money they save and invest for college costs.

There is now more than \$35 billion invested in 529 plans across the country, and some have predicted that total assets will balloon to \$300 billion by the end of this decade.

Given the increasingly important role that 529 plans play in enabling parents to save for their children’s education, I have become concerned about certain aspects of some of these plans.

For example, why are there such disparities in fees and the disclosure of those fees? Have the fees charged by these state-sponsored plans become so exorbitant that they actually outstrip the tax benefits that Congress has attempted to provide? Have the states established adequate procedures to monitor the performance and operation of the investment managers they hire to run their plans? Are the offering documents clear and concise?

These are some of the concerns that prompted me to write to SEC Chairman Bill Donaldson on February 4, 2004.

In his response to me, Chairman Donaldson said that “the current state of affairs with respect to 529 plans is complicated and likely difficult for parents to understand.” He also announced the creation of the “Chairman’s Task Force on College Savings Plans.” I am pleased by the Commission’s energetic response. I understand that the task force has made considerable progress, and I look forward to hearing from it in the near future.

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We have assembled an all-star lineup here today. I would particularly like to welcome Diana Cantor, the chairman of the College Savings Plans Network and Jacqueline Williams, Executive Director of the Ohio Tuition Trust Authority. I know that they have put in long hours over the past few weeks to improve the disclosure regime of 529 plans. I look forward to their testimony, and that of the rest of the panel.

I yield back.

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