

June 2, 2004

Opening Statement by Congressman Paul E. Gillmor  
House Financial Services Committee  
Subcommittee on Capital Markets, Insurance and Government Sponsored Enterprises  
Hearing entitled, "Investing for the Future: 529 State Tuition Savings Plans"

Thank you, Mr. Chairman, for calling this hearing and allowing us the opportunity to discuss these important savings vehicles, 529 State Tuition Savings Plans that allow investors to contribute money eligible for future use at any accredited U.S. school. I appreciate your leadership on this issue and look forward to our discussion of the fees associated with 529 plans and their current regulatory structure.

I would like to thank all of our witnesses for joining us this morning and to give a special welcome to Jacqueline Williams, Executive Director of the Ohio Tuition Trust Authority (OTTA) and a member of the Executive Committee of the College Savings Plans Network. As I learned from Ms. Williams' prepared remarks, the State of Ohio was actually one of the first states to offer a qualified tuition program when the Ohio General Assembly created the OTTA in 1989. Thank you, Executive Director Williams, for your fine stewardship of this program and for allowing the citizens of Ohio's Fifth District greater access to affordable higher education.

Since 1989, 14,000 Ohioans have attended college using over 166 million dollars invested in Ohio's plan. In 1996, Congress created the 529 tuition savings plans and Ohio's program qualified under Section 529 of the Internal Revenue Code. Last year nationwide, total assets in 529 plans almost doubled reaching 35 billion dollars.

I support the recent action taken by the Securities and Exchange Commission (SEC), creating a task force to investigate 529 plans in response to an inquiry from Chairman Oxley. As they fulfill their mission to examine issues raised by the fee disclosure regime and sale of these 529 plans, I think they will be encouraged by the recent steps taken by Putnam Investments in their management of the Ohio plan.

On May 24<sup>th</sup> of this year, Putnam put in place voluntary initiatives that will provide investors with enhanced fee and expense information for Putnam CollegeAdvantage 529, while also reducing the plan's annual maintenance fee.

Thank you again, Mr. Chairman, for calling this important hearing and I look forward to an informative discussion.