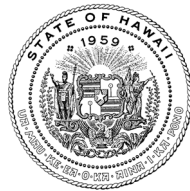


JOSH GREEN, M.D.  
GOVERNOR



LUIS P. SALAVERIA  
DIRECTOR

SABRINA NASIR  
DEPUTY DIRECTOR

EMPLOYEES' RETIREMENT SYSTEM  
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND  
OFFICE OF THE PUBLIC DEFENDER

**STATE OF HAWAII**  
**DEPARTMENT OF BUDGET AND FINANCE**  
*Ka 'Oihana Mālama Mo'ohelu a Kālā*  
P.O. BOX 150  
HONOLULU, HAWAII 96810-0150

ADMINISTRATIVE AND RESEARCH OFFICE  
BUDGET, PROGRAM PLANNING AND MANAGEMENT DIVISION  
FINANCIAL ADMINISTRATION DIVISION  
OFFICE OF FEDERAL AWARDS MANAGEMENT

**WRITTEN ONLY**

TESTIMONY BY LUIS P. SALAVERIA  
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE  
TO THE HOUSE COMMITTEE ON FINANCE  
ON  
SENATE BILL NO. 281, S.D. 2, H.D. 1

**March 30, 2023**  
**2:00 P.M.**  
**Room 308 and Videoconference**

RELATING TO THE COLLEGE SAVINGS PROGRAM

Senate Bill No. 281, S.D. 2, H.D. 1 proposes to provide for an annual state income tax deduction of \$4,000 per qualified individual or \$8,000 for qualified taxpayers filing joint returns, heads of household, or surviving spouses, against taxable income, for contributions (net of qualified withdrawals made in the same year for that designated beneficiary) to an account in a college savings program established under section 529 of the Internal Revenue Code (commonly known as 529 college savings plans). The measure limits the scope to contributions made into a program established under HRS chapter 256. It defines "qualified taxpayer" based on income level, defines the circumstances for recapture, and titles the name of the program under chapter 235, Hawaii Revised Statutes, as, "Hawaii's College and ABLE Savings Program."

The Department provides comments and appreciates the intent of the bill to encourage and provide incentives for individuals and families to save and invest funds for higher education. Limiting the state tax deduction to those qualified taxpayers who

participate in the State's section 256 program will better enable the department to estimate revenue loss with program information available for the State plan. For example, based on HI529 program information available as of December 2022, if all Hawaii-based account owners with funds in their accounts, contributed the maximum deduction for a single state tax-filer at the maximum tax rate, the potential revenue loss would be about \$1.5 million annually (more if future eligible contributions increased).

Based on the title and content of the bill, the department recommends changing the name of the program under HRS chapter 235, relating to Income Tax Law, to "Hawaii's College Savings Program" and deleting the reference to the ABLE Savings Program.

In closing, the Department recognizes that a tax deduction would provide a significant incentive to Hawaii families to save for college. Thank you for your consideration of our comments.

JOSH GREEN M.D.  
GOVERNOR

SYLVIA LUKE  
LT. GOVERNOR



GARY S. SUGANUMA  
DIRECTOR

KRISTEN M.R. SAKAMOTO  
DEPUTY DIRECTOR

STATE OF HAWAII  
**DEPARTMENT OF TAXATION**  
Ka 'Oihana 'Auhau  
P.O. BOX 259  
HONOLULU, HAWAII 96809  
PHONE NO: (808) 587-1540  
FAX NO: (808) 587-1560

**TESTIMONY OF  
GARY S. SUGANUMA, DIRECTOR OF TAXATION**

**TESTIMONY ON THE FOLLOWING MEASURE:**

S.B. No. 281, S.D. 2, H.D. 1, Relating to the College Savings Program

**BEFORE THE:**

House Committee on Finance

**DATE:** Thursday, March 30, 2023

**TIME:** 2:00 p.m.

**LOCATION:** State Capitol, Room 308

Chair Yamashita, Vice-Chair Kitagawa, and Members of the Committee:

The Department of Taxation ("Department") offers the following comments regarding S.B. 281, S.D. 2, H.D. 1, for your consideration.

S.B. 281, S.D. 2, H.D. 1, creates a deduction from income tax for contributions made to any college savings program established pursuant to chapter 256 of the Hawaii Revised Statutes (HRS). The deductions are capped at \$4,000 for single and married couples filing separate returns and \$8,000 for married filing joint returns, heads of household, and surviving spouses. Additionally, the taxpayer's income level must qualify to contribute to a Roth individual retirement account (IRA) under section 408A(c)(3) of the Internal Revenue Code (IRC). Rollovers from one state's college savings programs into another state's college savings program are not eligible for the tax deduction. The measure provides that if the deduction exceeds the taxpayer's tax liability, the remaining credit may be carried forward for up to four taxable years until exhausted. "Qualified taxpayer" is defined within the measure. The bill is effective June 30, 3000 and applies to taxable years beginning after an unspecified date.

The Department notes that contributions to accounts established pursuant to chapter 256, HRS, grow tax free, and qualifying distributions from the account are not subject to tax. The bill will add another tax benefit to college savings program accounts by making the contribution deductible from Hawai'i adjusted gross income.

Department of Taxation Testimony  
S.B. 281, S.D. 2, H.D. 1  
March 30, 2023  
Page 2 of 2

The Department suggests deleting the phrase “successor legislation,” which appears on page 4, lines 19 to 20; page 5, lines 2 to 3; and page 5, line 16, as the phrase may create ambiguity as to which laws will be applicable.

The Department estimates a revenue loss of \$5.5 million to the general fund for Fiscal Year 2024 and thereafter.

Finally, the Department notes that it will be able to implement this bill for taxable years beginning after December 31, 2022.

Thank you for the opportunity to provide comments on this measure.



**STATE OF HAWAII**  
STATE COUNCIL  
ON DEVELOPMENTAL DISABILITIES  
PRINCESS VICTORIA KAMĀMALU BUILDING  
1010 RICHARDS STREET, Room 122  
HONOLULU, HAWAII 96813  
TELEPHONE: (808) 586-8100 FAX: (808) 586-7543

March 30, 2023

The Honorable Representative Kyle T. Yamashita, Chair  
House Committee on Finance  
The Thirty-Second Legislature  
State Capitol  
Honolulu, Hawai'i 96813

Dear Representative Yamashita and Members of the Committee:

SUBJECT: SB281 SD2 HD1 – Relating to the College Savings Program

The State Council on Developmental Disabilities **SUPPORTS SB281 SD2 HD1**, which establishes a state income tax deduction for eligible contributions made to any college savings program established under section 529 of the Internal Revenue Code.

The Council would like to thank the legislature for the inclusion of the Hawaii Achieving a Better Life Experience savings accounts into this measure

ABLE accounts can be used to help a qualified individual achieve a better life experience; expenses covered includes such things as; pay for education, housing, transportation, employment training, and health services. The ABLE account was established out of the HI529 and is compatible with the proposed college saving program in this measure. The inclusion of the ABLE account within this measure will broaden its reach to include persons with disabilities within the sphere of tax deductions. Allowing for more people with disabilities to apply and know of ABLE accounts as well as enhance the educational opportunities of the disability community.

Thank you for the opportunity to submit testimony **supporting SB281 SD2 HD1**.

Sincerely,

Daintry Bartoldus  
Executive Administrator



March 29, 2023

The Honorable Kyle T. Yamashita  
House Committee on Finance  
Hawaii State Assembly  
415 S Beretania St., Room 306  
Honolulu, HI 96813

The Honorable Lisa Kitagawa  
House Committee on Finance  
Hawaii State Assembly  
415 S Beretania St., Room 435  
Honolulu, HI 96813

RE: SB 281 SD2 HD1, Oppose Unless Amended

Dear Chair Yamashita, Vice-Chair Kitagawa and Members of the House Finance Committee:

The Securities Industry and Financial Markets Association (“SIFMA”)<sup>1</sup> is a national trade association representing over 350 large, medium, and small broker-dealers, investment banks and asset managers, many of whom have a strong presence in Hawaii. In fact, more than 16,680 people in the state work in the finance and insurance industries, more than 1,000 of them work at securities firms,<sup>2</sup> and 5 broker-dealer main offices call Hawaii home.

We regretfully are writing to oppose SB 281 SD2 HD1 unless amended. This bill, as amended in House committee, would enable Hawaii residents to deduct contributions to the Hawaii 529 plan from gross income for state tax purposes. While SIFMA applauds the sponsors, the House Higher Education Committee, and this Committee for looking at ways to encourage residents to save for college, we strongly believe the deduction should apply to contributions to all qualified 529 plans, as was the case when the bill passed the Senate.

The benefits of a college education are well-documented. [Data](#) from the Federal Reserve Bank of New York shows that high school graduates earn roughly 58% of the salary of college graduates.<sup>3</sup> Moreover, according to the U.S. Department of Health and Human Services, graduates of higher education are more likely to achieve economic security, have safer jobs, and are less likely to suffer from many serious medical conditions than high school graduates.<sup>4</sup>

---

<sup>1</sup> SIFMA is the leading trade association for broker-dealers, investment banks and asset managers operating in the U.S. and global capital markets. On behalf of our industry's one million employees, we advocate on legislation, regulation and business policy affecting retail and institutional investors, equity and fixed income markets and related products and services. We serve as an industry coordinating body to promote fair and orderly markets, informed regulatory compliance, and efficient market operations and resiliency. We also provide a forum for industry policy and professional development. SIFMA, with offices in New York and Washington, D.C., is the U.S. regional member of the Global Financial Markets Association (GFMA). For more information, visit <http://www.sifma.org>.

<sup>2</sup> US Department of Labor – Bureau of Economic Analysis

<sup>3</sup> Federal Reserve Bank of New York, “The Labor Market for Recent College Graduates.” Nov. 2022.

<sup>4</sup> U.S. Department of Health & Human Services, “Enrollment in Higher Education.” 2022.

College costs have outpaced inflation nearly every year since the early 1980s<sup>5</sup> – sometimes reaching as high as 9.5% above the rate of inflation. Over the past 20 years, the cost of attending college has increased 144%.<sup>6</sup> Although college tuition prices have been relatively stable since 2019, the average tuition cost is still 169% higher than it was in 1980.<sup>7</sup>

Many entities, including Kiplinger’s and savingforcollege.com, believe that 529 plans are one of the best college savings vehicles. As you know, these plans are appealing because they encourage ongoing savings, earnings on these plans are free from federal and state taxes, and in some states, contributions are deductible for state income tax purposes.

An upfront state tax deduction for 529 contributions will encourage Hawaiians to save early and often for future college expenses. It is important, however, that the deduction apply to all qualified 529 plans and not just the state-sponsored plan. There are a lot of factors to consider when choosing the right 529 plan. This includes the investor’s risk tolerance, the fees charged, the plan’s past performance, the ability to work with a trusted adviser, and any number of other considerations. A tax deduction for just the state-sponsored plan limits investor choice by making the driving factor where the deduction is available rather than which 529 plan best suits the saver’s overall needs.

A state tax deduction for contributions to all qualified 529 plans provides additional benefits. Among other things, it:

- Ensures that all Hawaii savers receive the same tax treatment;
- Encourages new Hawaii residents to continue contributing to their existing 529 plans;
- Allows savers to work with a trusted financial advisor who may not offer the state plan; and
- Allows Hawaii savers who so choose to work with a single financial institution on a variety of savings goals.

Arizona, Arkansas, Kansas, Minnesota, Missouri, Montana, Ohio, and Pennsylvania all currently provide a state tax deduction for contributions to any qualified 529 plan. In 2021, Arizona substantially increased its deduction from \$2k per individual/\$4k per married couple filing jointly to \$2k and \$4k per beneficiary to further spur education-related savings.

These states’ plans have not been adversely affected by the deduction but rather have enjoyed tremendous growth, likely because of more promotion of 529 plans generally by more people. Minnesota, for example, saw gross inflows increase 3.7% from 1Q 2021 to 1Q 2022, while the 529 industry average increased 2.1% and the direct-sold channel average increased 3.0%.

There is sometimes a misconception that 529 plans are savings vehicles for the wealthy and that therefore no deduction is necessary. In April 2022, ISS Market Intelligence fielded a survey of more than 1,000 households and found that 74.4% of 529 plan households earn less than \$150,000 per year and 88.3% of 529 households earn less than \$200,000 per year.<sup>8</sup> A state tax deduction for all qualified 529 plans would be of meaningful assistance as these households strive to fund mounting college costs for one or more children.

---

<sup>5</sup> Bloomberg Business, “College Tuition in the U.S. Again Rises Faster Than Inflation.” Nov. 2014.

<sup>6</sup> Social Finance, Inc., “How Much Has College Tuition Outpaced Inflation?” March 2022.

<sup>7</sup> Forbes, “College Tuition Inflation: Compare the Cost of College Over Time.” March 2022.

<sup>8</sup> Results available for ISS subscribers June 2022

For the reasons laid out above, SIFMA encourages you to restore SB 281 SD2 HD1 to the Senate passed version. We appreciate your willingness to consider our suggestions. If you have any questions, please contact me at 202-962-7411.

Sincerely,

A handwritten signature in black ink that reads "Kim Chamberlain". The signature is written in a cursive, flowing style.

Kim Chamberlain  
Managing Director & Associate General Counsel  
SIFMA

cc: Senator Donovan M. Dela Cruz





TO: The Honorable Kyle Yamashita, Chair  
The Honorable Lisa Kitagawa, Vice Chair  
House Committee on Finance

FROM: Philip Bossert, Executive Director  
Hawaii Association of Independent Schools

RE: **SB 281 SD2 HD1 - Relating to the College Savings Program -  
In Strong Support and requesting amendment**

DATE: Thursday, March 30, 2023; Agenda #1  
2:00 p.m.; Conference Room 308

Aloha Chair Yamashita, Vice Chair Kitagawa and Members of the Committee:

The Hawaii Association of Independent Schools (HAIS) and its subsidiary, the Hawaii Council of Private Schools (HCPS), strongly supports SB 281 SD2 HD1. With the cost of higher education soaring in recent years to as much as \$100,000/year for tuition, fees and boarding, the college savings program provides an additional opportunity for Hawaii parents to set aside funds for the education of their children.

We are in support of SB 281 offering a tax deduction for all 529 college savings programs; but we oppose the amendment made by the Higher Education & Technology Committee that allows this deduction only for contributions made to the Hawaii State 529 plan. This amendment is not good for Hawai'i families, we believe, because it will only target a smaller audience, forcing families to choose a plan that we feel lacks a good design and has thus far not been a popular choice. Rather, we believe that Hawaii families should be able to contribute to any 529 College Savings Plan including the State of Hawai'i 529 Plan.

Thank you for the opportunity to provide this testimony. Please do not hesitate to contact me with any questions.



Testimony on SB 281 SD2 HD1 Relating to the College Savings Program  
Written Only  
Before the House Committee on Finance  
Date: March 30, 2023 Time: 2:00 PM  
Location: State Capitol, Room 308

**Oppose unless HD1 Amendment is removed which reduces the choice of plans to one.**

Dear Chair Yamashita and members of the Committee:

The Securities Industry Association of Hawaii was founded over 20 years ago and is comprised of locally based managers of firms with offices here in Hawaii. We comment from time to time on legislation that impacts not only our firms and their hundreds of Hawaii based employees but the thousands of Hawaii clients who rely on our professional advice.

Hawaii SB 281, as it was originally drafted and passed unanimously by two Senate Committees and the Senate itself, is very helpful to the vast majority of Hawaii investors. It provides a modest state tax deduction for contributions made to all 529 plans by qualified taxpayers.

Our clients regularly contact us for ideas and explanations about the many complex financial instruments available today. 529 plans are just one of many and not a simple savings plan as many assume.

Currently the State Sponsored HI529 college savings plan cannot be offered by any of our firms or employees. And in any given year it may not be the best choice to meet a particular customer's needs which is why choice and flexibility is very important.

One of the most common requests we receive is how to invest for the kids and grandkids college education. We would like to be able to tell them that there are many choices and all of them offer a small Hawaii state income tax deduction to help.

Isn't it best that our state give up a little tax revenue to help families pay for this?  
Thank you for the opportunity to comment on this bill.

A handwritten signature in black ink, appearing to read "T. Goodrum".

T. Goodrum  
President, SIA Hawaii

# TAX FOUNDATION OF HAWAII

126 Queen Street, Suite 305

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: INCOME, Deduct contributions to HI529 college savings program

BILL NUMBER: SB 281 HD 1

INTRODUCED BY: House Committee on Higher Education & Technology

EXECUTIVE SUMMARY: Establishes a state income tax deduction for eligible contributions made to any college savings program established under chapter 256, HRS (Hawaii college and ABLE savings program).

SYNOPSIS: Adds a new section to chapter 235, HRS, to allow a deduction for a contribution to an account in a college savings program established under chapter 256, HRS.

The amount deductible is not to exceed \$4,000 (\$8,000 for married taxpayers filing a joint return, heads of household, or surviving spouses). Only amounts contributed within the taxable year count; if a contribution is mailed in, it counts if it is postmarked within the taxable year.

The deduction is “above the line,” meaning that it is deducted when computing the taxpayer’s Hawaii adjusted gross income, unlike most itemized deductions.

The deduction is not allowed for a contribution that is rolled over from another state’s college savings program.

If the amount of the deduction exceeds the taxpayer’s taxable income, the excess may be used as a deduction for up to four subsequent tax years or until the excess deduction is exhausted, whichever occurs first.

Provides for recapture of the deduction if the taxpayer makes a nonqualified withdrawal from the program.

Defines “qualified taxpayer” as a resident of the State who is an individual taxpayer or a married couple filing separate returns each with an adjusted gross income of less than \$\_\_\_\_\_ or a married couple filing a joint return, head of household, or surviving spouse with an adjusted gross income of less than \$\_\_\_\_\_.

Defines “rollover” as a distribution or transfer from an account that is transferred to or deposited within sixty calendar days of the distribution into an account of the same person for the benefit of the same designated beneficiary or another person who is a member of the family of the designated beneficiary; provided that the transferee account was created under a college savings program maintained in accordance with section 529 of the Internal Revenue Code of 1986, as amended, or successor legislation.

Amends section 23-95, HRS, requiring a periodic review by the State Auditor of this, among other tax incentives.

Makes conforming amendments.

EFFECTIVE DATE: June 30, 3000; taxable years beginning after an unspecified date.

STAFF COMMENTS: The Hawaii college savings program under chapter 256, HRS, is a college savings program intended to qualify under section 529, IRC.

Under the IRC, contributions to a 529 plan are not deductible, but the monies in the plan can earn income tax-free and will not be taxed when the money is taken out to pay for college.

Hawaii income tax law conforms to IRC section 529, with minor modifications such as a withdrawal is nonqualified for Hawaii purposes if it is used to purchase software. See section 235-2.4(ii), HRS, which decouples from IRC section 529(e)(3)(A)(iii).

According to savingforcollege.com, <https://www.savingforcollege.com/intro-to-529s/name-the-top-7-benefits-of-529-plans>, over 30 states currently offer a full or partial tax deduction or credit for 529 plan contributions. Hawaii offers none of those incentives.

This bill also proposes to provide incentives for qualified ABLE programs. The Achieving a Better Life Experience (ABLE) Act of 2014 allows states to create tax-advantaged savings programs for eligible people with disabilities (designated beneficiaries). Funds from these IRC section 529A ABLE accounts can help designated beneficiaries pay for qualified disability expenses. Distributions are tax-free if used for qualified disability expenses.

Hawaii income tax law conforms to IRC section 529A, except that the Hawaii law does not charge additional tax for distributions not used for disability expenses. See section 235-2.4(jj), HRS.

According to savingforcollege.com, <https://www.savingforcollege.com/529-able-accounts/>, 18 states currently offer a full or partial tax deduction or credit for 529A plan contributions. Hawaii offers none of those incentives.

Digested: 3/28/2023

**WILLIAM M. KANEKO, ESQ.**

American Savings Bank Tower  
1001 Bishop Street, Suite 1800  
Honolulu, Hawai'i 96813  
808-222-5389

TO: Rep. Kyle T. Yamashita, Chair  
Rep. Lisa Kitagawa, Vice Chair

DATE: Thursday, March 30, 2023  
TIME: 2:00 p.m.  
PLACE: VIA VIDEOCONFERENCE & Conference Room 308

RE: SB281, SD2, HD1 RELATING TO THE COLLEGE SAVINGS PROGRAM

Chair Yamashita, Vice Chair Kitagawa and members of the Committee on Finance:

My name is Bill Kaneko, and I am a licensed attorney in Hawai'i. I am writing in support of SB281, SD2, HD 1 which establishes a state income tax deduction for eligible contributions made to a college savings program established under chapter 256, Hawaii Revised Statutes. **However, I am urging this committee to restore the language used in Senate Draft 2 (SD2).**

I am writing as a parent who just finished paying for college tuition for my son. Were it not for 529 college savings plan established under the Internal Revenue Code, our family could not have planned for and paid for his college tuition. Like thousands of Hawai'i residents who seek to provide college opportunities for their children, the 529 program is an essential savings mechanism to pay for the high cost of college.

According to College Board, in 2022-23, the average annual published tuition, fees, room and board were as follows. See attached.

- Public Two-Year In-District: \$13,470
- Public Four-Year In-State: \$23,250
- Public Four-Year Out-of-State: \$40,550
- Private Nonprofit Four Year: \$53,430

According to the University of Hawai'i, total cost of resident tuition, fees, books, supplies, room and board, and personal expenses amount to \$30,331 per year (2023-2024 undergraduate). For non-residents, the cost is \$52,363. See attached.

I support the state tax deduction for contributions made to all 529 plans. **I am opposed to limiting the investment only to one dedicated plan (HI529)** as amended in HD1. Consumers should have a choice in what plan they invest in. Having one dedicated plan may not afford consumers with an investment plan that meets their needs, timeline and desired returns.

I urge this committee to adopt SB281 with the language used in SD2. Thank you for the opportunity to testify on this matter.

Sincerely,



WILLIAM M. KANEKO



# Published Charges by Sector and by Carnegie Classification, 2022-23

In 2022-23, the average published (sticker) tuition and fee price for full-time in-state students at public four-year institutions is \$10,940, \$190 (1.8% before adjusting for inflation) higher than it was in 2021-22.

**TABLE CP-1** Average Published Charges (Enrollment-Weighted) for Full-Time Undergraduates, 2021-22 and 2022-23

	Sector					Carnegie Classification					
	Public Two-Year In-District	Public Four-Year In-State	Public Four-Year Out-of-State	Private Nonprofit Four-Year	For-Profit	Public Four-Year			Private Nonprofit Four-Year		
						Doctoral	Master's	Bachelor's	Doctoral	Master's	Bachelor's
<b>Tuition and Fees</b>											
2022-23	\$3,860	\$10,940	\$28,240	\$39,400	—	\$11,860	\$9,150	\$9,110	\$47,500	\$30,650	\$39,570
2021-22	\$3,800	\$10,750	\$27,620	\$38,070	\$15,710	\$11,630	\$9,010	\$8,990	\$45,830	\$29,660	\$38,270
\$ Change	\$60	\$190	\$620	\$1,330	—	\$230	\$140	\$120	\$1,670	\$990	\$1,300
% Change	1.6%	1.8%	2.2%	3.5%	—	2.0%	1.6%	1.3%	3.6%	3.3%	3.4%
<b>Room and Board</b>											
2022-23	\$9,610	\$12,310	\$12,310	\$14,030	—	\$12,880	\$11,310	\$11,390	\$16,000	\$13,180	\$13,020
2021-22	\$9,330	\$11,950	\$11,950	\$13,620	—	\$12,500	\$10,980	\$11,060	\$15,530	\$12,800	\$12,640
<b>Tuition and Fees and Room and Board</b>											
2022-23	\$13,470	\$23,250	\$40,550	\$53,430	—	\$24,740	\$20,460	\$20,500	\$63,500	\$43,830	\$52,590
2021-22	\$13,130	\$22,700	\$39,570	\$51,690	—	\$24,130	\$19,990	\$20,050	\$61,360	\$42,460	\$50,910
<b>Percentage of Undergraduates Enrolled Full Time</b>											
Fall 2020	35%	80%		82%	68%	83%	75%	53%	87%	75%	87%

NOTE: Prices in Table CP-1 are not adjusted for inflation. Tuition prices reported for 2021-22 have been revised and may differ from those reported in *Trends in College Pricing and Student Aid 2021*. The latest tuition and fee estimate available for the for-profit sector is for 2021-22. Carnegie groupings are based on 2018 Carnegie classification.

SOURCE: College Board, Annual Survey of Colleges; NCES, IPEDS Fall 2020 Enrollment data and IPEDS 2021 Institutional Characteristics data.

Enrollment-weighted tuition values represent the price charged by each institution weighted by the number of full-time undergraduate students enrolled in fall 2020, the latest year for which enrollment data are available. Public four-year in-state charges are weighted by total fall 2020 full-time undergraduate enrollment in each institution, including both in-state students and out-of-state students. Out-of-state tuition and fees are computed by adding the average in-state price to the out-of-state premium weighted by the number of full-time out-of-state undergraduate students enrolled at each institution. Room and board charges for 2021-22 and 2022-23 are calculated by applying the average one-year percent changes among institutions that reported data in both years to the previous year's sector averages. In *Trends in College Pricing 2019 and earlier editions*, room and board charges were weighted by the number of undergraduate students residing on campus for four-year institutions and by the number of commuter students for public two-year institutions.

- In 2022-23, the average published tuition and fee price for full-time in-district students at public two-year institutions is \$3,860, \$60 (1.6% before adjusting for inflation) higher than it was in 2021-22.
- In 2022-23, the average published tuition and fee price for full-time students at private nonprofit four-year institutions is \$39,400, \$1,330 (3.5% before adjusting for inflation) higher than it was in 2021-22.
- In fall 2020, 35% of all undergraduate students at the public two-year sector were enrolled full time, compared with about 80% at public four-year and private nonprofit four-year sectors.
- Within public four-year and private nonprofit four-year sectors, doctoral institutions have higher prices than master's and bachelor's institutions.

## ALSO IMPORTANT:

- The prices shown in Table CP-1 are for full-time students. Prices for part-time students are typically less than those for full-time students.
- The prices shown in Table CP-1 are for one academic year. The total price of a college education depends on how long a student is enrolled before completing a degree—frequently more than four years for a bachelor's degree and more than two years for an associate degree.



# OFFICE of ADMISSIONS

## INVESTING IN YOUR FUTURE

[COST & TYPES OF AID](#) / [HAWAII RESIDENCY \(RESIDENCY.HTML\)](#) / [WESTERN UNDERGRADUATE EXCHANGE \(WUE\) \(WUE.HTML\)](#) / [NON-RESIDENT TUITION EXEMPTION \(EXEMPTION.HTML\)](#)

### TOTAL INVESTMENT FOR UNDERGRADUATE 2023-2024:

Big dreams, but little budget? The education you've been hoping for is within reach. The cost of attendance is designed to provide students with projected costs to attend for an academic year. The totals below are subject to change upon approval by the Board of Regents. Room and Board total reflects the highest cost meal plan option. The University of Hawai'i at Mānoa offers financing and scholarship opportunities for incoming freshman (first-year) and transfer students.

Cost of Attendance

Expense:	Resident	WUE	Non-Resident
Tuition	\$11,304	\$16,956	\$33,336
University Fee	\$882	\$882	\$882
Books & Supplies	\$1,350	\$1,350	\$1,350
Room & Board	\$14,053	\$14,053	\$14,053
<b>Total:</b>	<b>\$30,331</b>	\$35,983	<b>\$52,363</b>

ON THE FOLLOWING MEASURE:

S.B. NO. 281, RELATING TO COLLEGE SAVINGS PROGRAMS.

BEFORE THE:

HOUSE COMMITTEE ON FINANCE

DATE: Friday, March 30, 2023 TIME: 2 p.m.

LOCATION: State Capitol, Room 308

TESTIFIER: Chris Stack, Esq., Managing Consultant, Savingforcollege.com

Chair Yamashita, Vice Chair Kitagawa and Members of the Finance Committee:

Savingforcollege.com is considered by many to be the nation's leading independent resource and authority on IRC Section 529 college savings and investment plans.

We support all measures that assist working class families invest for future educational expenses. We therefore totally support SB 281 and favor the Committee's recommendation of passage, with the modification noted below.

There are only 4 states, including Hawaii, that do **not** offer an incentive to participate in 529 plans through a state tax deduction or credit.

Some states (NM, SC & WV) offer every taxpayer an unlimited deduction for funding 529 accounts, several (CO, IL, MS etc.) offer a \$20,000 annual deduction and many offer a \$10,000 annual deduction for joint filers.

SB 281, in its current form, allows for the annual deduction from Hawaii taxable income up to \$4,000 of contributions to any 529 plan by a qualified single filer and \$8,000 by a qualified taxpayer filing jointly.

However, this deduction is limited to contributions ONLY to the Hawaii 529 Plan.

In our view, and based on the experiences of other states, it is a better policy to be pro-choice and allow the qualifying Hawaii taxpayers to choose either the Hawaii 529 Plan or a plan that might be a better fit for them.

We don't oppose or endorse the Hawaii 529 Plan, or any other 529 plan for that matter. No one 529 plan is the best option for Hawaii families at all times.

We encourage greater participation in 529 plans as a great solution to address the increase in the national student debt that currently exceeds \$1.7 trillion dollars!



Greater participation by qualified taxpayers in Hawaii can best be accomplished by more 529 plans reaching out to more Hawaii families to encourage such participation. This will result in more people signing up for the Hawaii 529 Plan and other plans.

Many use the assistance of a financial advisor and they cannot advise on the Hawaii 529 Plan since Hawaii ended the advisor 529 plan many years ago.

**Thus, we recommend that the Finance Committee amend the current draft to match the draft approved unanimously by the Senate and allow the deduction for any 529 plan, including the Hawaii 529 Plan.**

Only 3 such states of the more than 36 offering such a deduction or credit impose any income limits (numerous states have no income tax). Given that there may be Hawaii families with several children and given that 5 years at the University of Hawaii now costs more than \$150,000, a family of 3 would need about \$450,000 to send all 3 kids to the University, less financial aid which mostly includes loans which then increases such cost given the interest expense over many years.

Therefore, for such families, even those making several hundred thousand dollars, many 529 accounts would be needed, and we encourage the Committee to take this reality into consideration.

We are available at [cstack@savingforcollege.com](mailto:cstack@savingforcollege.com) or (203)656-6627 to address any questions that you may have on this testimony or matters related SB281.

We thank you for your consideration and applaud your efforts for advancing a bill that provides Hawaii taxpaying working-class families with the same type of benefits that families in so many other states have enjoyed for so long.

Mahalo.