More Oversight Needed on College Savings Program

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A report by the Office of the District of Columbia Auditor

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Executive Summary

Why ODCA Did This Audit

ODCA conducted this discretionary audit to review the Office of the Chief Financial Officer's (OCFO) administration and oversight of the D.C. 529 College Savings Program through its program management contract with Ascensus.

What ODCA Found

- D.C. 529's Year of Enrollment portfolios generally performed below average since inception compared to other states' Ascensus-managed programs, though its Bond Index and Principal Protected portfolios performed both above and below average compared to other states' Ascensus-managed programs at different time periods.
- D.C.'s 529 program fees were comparable to other Ascensus-managed programs.
- D.C.'s 529 program had a higher program management fee compared to 529 programs with different program and investment managers.
- The OCFO did not enforce the contract requirement that Ascensus provide annual financial statements and instead used the D.C.5 529 Administrative Fund to pay approximately $223,000 for the statements.
- The OCFO permitted Ascensus to operate a scholarship program to promote the D.C. 529 program, spending $80,000 from the D.C. 529 Administrative Fund and not ensuring the program's effectiveness.
- The D.C. 529 Administrative Fund audited financial statements did not accurately report the dollar amount of scholarships awarded.
- The OCFO collected more in fees than was reasonably necessary to administer the D.C. 529 program, resulting in a 184% increase in the D.C. 529 Administrative Fund balance from FY 2020 to FY 2024.

What ODCA Recommends

- The D.C. Council should determine whether scholarship awards are an acceptable use of the Administrative Fund and amend D.C. Code to clarify the definition of promotion of the Program.
- The OCFO should conduct and document an analysis of the reasonable fees needed to administer the Program, determine if the state and maintenance fees should be adjusted, and undertake such analysis at reasonable intervals.
- The OCFO should require Ascensus to reimburse the Administrative Fund $223,104, the cost of compiling the annual financial statements.
- The OCFO should update its 529 program standard operating procedures (SOPs) to include approval procedures for withdrawals from the Administrative Fund.

Background

The U.S. Congress established 529 college savings plans as an option in the federal tax code in 1996.[1] The District of Columbia established its own 529 Plan in 2001.[2] The District of Columbia's 529 College Savings Plan (D.C. 529 program) is designed to help families save for the higher education expenses of a student or future student including children and grandchildren.[3]

529 accounts have the advantage of allowing participants to invest money, with tax-free growth on investments, and then withdraw tax-free investment earnings when using the funds for qualified education expenses.[4] Qualified expenses include tuition, fees, books, room and board, and, based on changes made in 2017,[5] qualified K-12 tuition at a private, public or parochial school.[6]

Establishing a 529 account early in a child's life can be beneficial, according to investment research group Morningstar, as, "Continually rising tuition costs underpin the importance for families to save early and frequently within a 529's tax-advantaged structure; the additional time helps harness the effects of compounding to keep up with these increasing costs."[7]

Nearly every state offers a 529 program, and in addition to federal tax incentives, some states offer additional benefits like tax deductions or credits.[8] In D.C., taxpayers can receive a D.C. income tax deduction of up to $8,000 filing jointly or up to $4,000 if filing individually when they contribute to an account.[9]

While state tax benefits are typically only available to residents,[10] participants do not need to enroll in their own state's plan and may consider other factors when choosing a 529 program, such as investment performance and fees.[11] Fees vary depending on the program's structure and program manager and can offset savings from tax breaks.[12]

1 Pub. L. No. 104-188, title I, § 1806(a), effective August 20, 1996, created Section 529 of the Internal Revenue Code.
2 D.C. Law 13-212, the "College Savings Act of 2000", effective March 31, 2001.
3 See generally Title 47, Chapter 45 of the D.C. Code.
4 Internal Revenue Service, "529 Plans: Questions and answers," https://www.irs.gov/newsroom/529-plans-questions-and-answers.
5 H.R.1– 115th Congress (2017-2018): An Act to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018. (2017, December 22), https://www.congress.gov/bill/115th-congress/house-bill/1/text.
6 D.C. College Savings Plan, "529 Facts," https://www.dccollegesavings.com/home/about/529facts.html, "Earnings on non-qualified withdrawals may be subject to federal income tax and a 10% federal penalty tax, as well as state and local income taxes and recapture of DC tax deductions."
7 Kim, Hyunmin, "529 Plans: What's Changed and What's the Same?" Morningstar, June 12, 2023, https://www.morningstar.com/personal-finance/themes-across-529-plan-landscape-6-charts.
8 Hahn, Alicia, "Compare 529 Plans by State," Forbes, May 26, 2025, https://www.forbes.com/advisor/student-loans/compare-529-plans-by-state/.
9 D.C. Code § 47-4509(a).
10 Kim, Hyunmin, "Understand Your 529 State Tax Benefits" Morningstar, June 11, 2025, https://www.morningstar.com/personal-finance/how-do-your-states-529-tax-benefits-stack-up, "Nine states—Arizona, Arkansas, Kansas, Maine, Minnesota, Missouri, Montana, Ohio, and Pennsylvania—offer tax parity, which means that investors can deduct their taxable income on contributions made to any plan in the US (most states allow you to take a deduction only if you invest in the state-sponsored plan)."
11 Morningstar, "529 Plans by State," https://www.morningstar.com/529-plans.
12 Hahn, Alicia, "Compare 529 Plans by State," Forbes, May 26, 2025, https://www.forbes.com/advisor/student-loans/compare-529-plans-by-state/.

The Office of the Chief Financial Officer (The OCFO) is charged with administering D.C.'s 529 program.[13] The OCFO did not dedicate full time District government employees to manage D.C.'s 529 program. Instead, there has been a six-person Administrative Team that oversees the program in addition to overseeing operations of the retirement and the Achieving a Better Life Experience (ABLE) programs, as well as other duties.[14] The Administrative Team receives a total compensation of $995,506, based on information from the DC Department of Human Resources (DCHR).

The OCFO has contracted with Ascensus College Savings (Ascensus) to serve as the D.C. 529 Program Manager and Investment Manager since 2016. According to its website, Ascensus served nearly seven million 529 accountholders through the 43 state programs it administers.[15] Prior to Ascensus, Calvert Investments managed the D.C. 529 program. Ascensus collected $20 million in fees for the 2016 contract, which continued through February 2025 with option years and extensions. In January 2025, the OCFO awarded Ascensus a new program management contract for five years through 2030, with two option years through 2032. The estimated total for the contract's five base years and two option years was $40.3 million. The contract pricing is an estimate, as Ascensus' payment comes in the form of investment management, administrative, and other fees, not from separate District government funding. Figure 1 details the estimated payment totals for the two contracts, and the actual amount collected by Ascensus for the 2016 contract.

Figure 1: Payment Details for D.C. 529 Program Management Ascensus Contracts

Contract Period	Base Period Years 1–5 Estimated Total	Option Years 1–2 Estimated Total	Contract Extensions	Estimated Grand Total	Actual Total Collected by Ascensus
2016–2025	$12,769,941	$7,678,151	Nov. 2023–Nov. 2024: $4,013,185 Nov. 2024–Jan. 2025: $668,864 Jan. 2025–Feb. 2025: No Cost	$25,130,141	$ 20,350,257
2025–2032	$26,070,920	$14,272,213	N/A	$40,343,133	N/A

Source: ODCA analysis of OCFO contracts and documentation

Ascensus is responsible for providing program management, record keeping, investment management, marketing, and customer services. Ascensus uses subcontractors to support these required operations, while OCFO contracts with additional firms for auditing, accounting, and consultants, as shown in Figure 2.

13 D.C. Code § 47-4506.

14 Fiscal Year 2024 Annual Report, DC College Savings Plan, "District of Columbia Administrative Team," https://cfo.dc.gov/sites/default/files/dc/sites/ocfo/service_content/attachments/FY%202024%20529%20Annual%20Report.pdf, pg. 18. OCFO, Office of Finance and Treasury, https://cfo.dc.gov/node/242172.

15 As of October 23, 2023, https://www.ascensus.com/about-us/press-room/news/ascensus-529-participants-surpass-1-billion-in-direct-tuition-payments-to-schools/

Figure 2: D.C. 529 Program Key Players' Roles and Responsibilities

OFCO	Ascensus	Subcontractors and Consultants
■ Administers the D.C. 529 program ■ Oversees Ascensus contract ■ Administrative team of 6 people who do not work full time on the program but serve varying roles.	■ Program Management ■ Recordkeeping ■ Investment Management ■ Marketing and Outreach ($200k annual marketing budget) ■ Customer Service	■ Ascensus uses Bank of New York (BNY) for financial services. ■ OCFO contracts with Meketa Investment Group for investment monitoring and consulting. ■ OCFO contracts with Watson Rice for auditing services and IBS for accounting services.

Source: ODCA analysis

The D.C. 529 Administrative Fund (Administrative Fund) is used to pay "the reasonable expenses of administering and managing the Program," including for the services of the OCFO contractors listed above.[16]

The D.C. 529 program had $1.4 billion dollars in assets and 41,493 accounts at the end of FY 2024. These assets and accounts were not equally represented across the District, as seen in Figure 3.

16 9 DCMR §155.7 (a).

Figure 3: D.C. 529 Program Accounts, Assets, and Average Balance by Ward (as of September 2024)

Ward	Accounts	Assets	Average Balance
1	4,750	$141,933,262	$29,881
2	2,955	$118,457,076	$40,087
3	6,438	$295,713,796	$45,933
4	8,464	$287,242,842	$33,937
5	6,489	$169,567,484	$26,132
6	3,305	$113,352,580	$34,297
7	609	$4,339,557	$7,126
8	965	$9,975,504	$10,337
Non-resident	7,517	$275,519,442	$36,653
Foreign/Military/Other	1	$54,282	$54,282
Total	**41,493**	**$1,416,155,826**	**$34,130**

Source: Ascensus

The ward distribution of assets and accounts above is consistent with a 2022 report from the Office of Revenue Analysis, which noted that, for the D.C. 529 program, "tax relief is concentrated in Wards 3, 4, and 6 where many of the District's highest earners reside," and "Higher-income families stand to benefit more from college savings plans because they have the resources to save for college and face higher marginal tax rates that increase the value of tax deductions and exclusions."[17]

The OCFO's response to the D.C. Council 2023 performance oversight questions listed the D.C. 529 program as one of its programs with the most opportunity to address racial inequity.[18] Although OCFO staff said they did not have any racial equity goals or activities for the agency or the 529 program.

17 Office of Revenue Analysis, "Review of Health and Education Tax Expenditures," January 2022, https://ora-cfo.dc.gov/sites/default/files/dc/sites/ocfo/page_content/attachments/Health%20and%20Education%20Tax%20Expenditure%20Review.pdf, pg. 52.

18 Committee on Business and Economic Development, OCFO Performance Oversight Response, February 16, 2023, https://dccouncil.gov/wp-content/uploads/2023/02/RESPONSES_OCFO-FY22-23-Council-Oversight-Hearing-Questions-1.pdf, pg. 2.

Objective, Scope, and Methodology

Objective

To determine how effectively and economically the Office of the Chief Financial Officer has administered the District's 529 College Savings Program through its program management contract.

Scope

The audit scope was FY 2020–FY 2024 (October 1, 2019, through September 30, 2024).

Methodology

To conduct this review, we:

- Reviewed relevant U.S. Code, D.C. Code, and District of Columbia Municipal Regulations (DCMR).
- Researched 529 programs nationally, including websites focused on 529 programs, and articles designed for prospective participants.
- Reviewed D.C. 529 program Annual Reports, published Audited Financial Statements, and OCFO performance oversight documents.
- Assessed management's implementation of control activities through policies and procedures by reviewing the D.C. 529 program's policies and procedures to determine if they contained aspects of the program's oversight, including the receipt of contract deliverables, and the review of expenditures from the Administrative Fund, including scholarships.
- Reviewed the 2016 contract with Ascensus active during our scope, and the updated 2025 contract with Ascensus.
- Met with staff from the D.C. Council Committee on Economic and Business Development and community stakeholders.
- Interviewed members of the OCFO Administrative Team who were responsible for program oversight, and key staff members from Ascensus, Meketa, and Bank of New York (BNY).
- Identified and compared four direct-sold 529 programs (Kentucky, Indiana, Montana, New Mexico) that had Ascensus as a Program Manager and Investment Manager, similar to D.C.
- Identified and compared seven non Ascensus-managed direct-sold 529 programs (Delaware, Pennsylvania, Maryland, New York, Oklahoma, Utah, Virginia) that had varying structures, managers, and Morningstar rankings, or as neighboring states similar to D.C.
- Gathered information on other state programs' population size, total assets and accounts, program fees, and portfolio performance using public databases, program disclosure booklets, program websites and requested information via email.
- Identified seven target year (Year of Enrollment) investment portfolios as these portfolios made up over half of the D.C. 529 program's assets, and two individual portfolios (Bond Index and Principal Protected) that were chosen for comparison because they were similar to portfolios offered in other Ascensus-managed programs. Calculation of performance average did not include D.C.

- Analyzed audited financial statement workpapers, OCFO payment directives, and bank records for the program's Administrative Fund.
- Analyzed the scholarship winner lists from the District of Columbia College Access Program (DC CAP), the OCFO, and Ascensus, in addition to analyzing Administrative Fund bank records for scholarship transfers, and Ascensus payment directives from the Administrative Fund.
- Researched 529 program scholarship contests in other states.
- Reviewed scholarship winner account statements for FY 2022 winners, and as needed for FY 2020 - FY 2024 to match award amounts received by winners to intended award amounts from winner lists.
- Reviewed for compliance selected Ascensus contract marketing deliverables, including a sample of Ascensus marketing expenditures, quarterly marketing reports, and annual marketing plans.
- Reviewed for compliance selected Ascensus contract deliverables including a sample of monthly reports, annual reports, investment options and performance.
- Accessed and reviewed the D.C. 529 program website.
- Analyzed two years of Professional Fee payment directives and invoices from the OCFO used to support the audited financial statements.

We conducted this performance audit in accordance with Generally Accepted Government Auditing Standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Audit Results

D.C.'s 529 program offered the investment options, website, and publication of investment performance required in the contract.

The contract required Ascensus to provide 10 investment options, which included a variety of portfolios with different objectives:

- An Active International Equity Fund.
- An International Equity Index Fund.
- An Active Small Cap Equity or Small/Mid Cap Equity Fund.
- A Small Cap Equity Index or Small/Mid Cap Equity Index Fund.
- An Active Large Cap Equity Fund.
- A Large Cap Equity Index Fund.
- Active Core/Core Plus Fixed Income Fund.
- A Core Bond Index Fund.
- An Age-Based Series of Funds.
- A Protected Principal Product.

Ascensus provided D.C. 529 program participants the 10 investment options, though under slightly different names, and the OCFO was involved in investment selection, including the approval of the investment options offered to participants.[19]

The contract also required Ascensus to provide a D.C. 529 program website with "basic customer service functions" and "information about the Plan," including "investment performance versus appropriate benchmarks, including quarter-to-date, year-to-date, one-year, three-year, five-year and since inception."

Ascensus provided a D.C. 529 program website, dccollegesavings.com, that included basic customer service functions, such as how to contact the plan, information about the plan, and FAQs. The website featured investment performance versus appropriate benchmarks, including quarter-to-date, year-to-date, one-year, three-year, five-year, 10-year, and since inception, as seen in Figure 4.

19 Though the portfolio names were not the same as listed in the contract, ODCA confirmed through portfolio descriptions and asset classes that they were the same investment option as required per contract.

Figure 4: D.C. 529 Program Portfolio Performance Webpage

DC COLLEGE SAVINGS PLAN

ABOUT | INVEST | PLAN | MANAGE | COMMUNITY | Login

Portfolio Price and Performance

Detailed performance information is available by clicking the portfolio names below.

View Monthly | View Quarterly

Name	Average annual total returns as of 06/30/2025					Inception date
	1 year	3 year	5 year	10 year	Since inception**	
DC College Savings 2043 Portfolio	14.82%	-	-	-	16.62%	07/07/2023
DC College Savings 2040 Portfolio	13.99%	14.71%	-	-	5.90%	11/19/2021
DC College Savings 2037 Portfolio	12.93%	12.84%	10.26%	-	9.00%	09/06/2019
DC College Savings 2034 Portfolio	11.30%	10.85%	8.38%	-	7.81%	03/24/2017
DC College Savings 2031 Portfolio	9.73%	8.85%	6.59%	-	6.56%	03/24/2017
DC College Savings 2028 Portfolio	7.65%	6.68%	4.72%	-	5.19%	03/24/2017
DC College Savings 2025 Portfolio	5.01%	4.51%	3.12%	-	3.82%	03/24/2017
DC College Savings In College Portfolio	4.75%	4.12%	3.04%	-	3.02%	03/24/2017

Source: www.dccollegesavings.com

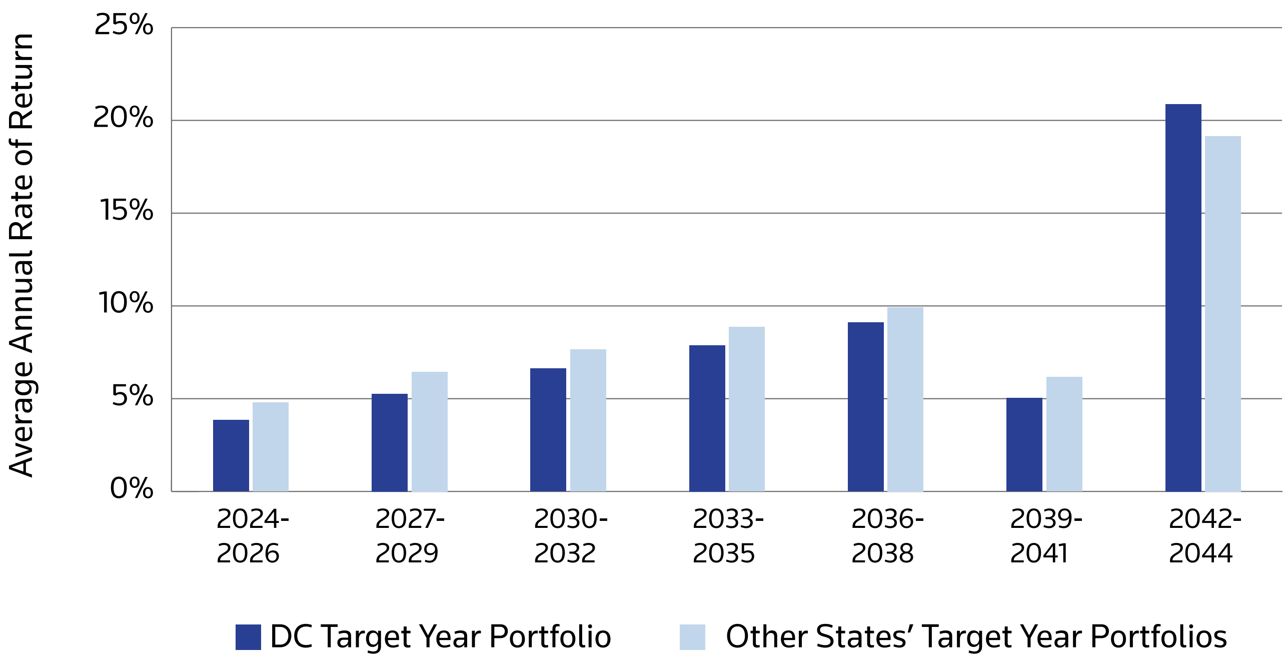
D.C.'s 529 program Year of Enrollment portfolios generally performed below average compared to other states' Ascensus-managed programs.

To determine how the D.C. 529 program's investment performance compared with other jurisdictions, we identified four Ascensus-managed programs in which Ascensus was both the Program Manager and Investment Manager: Indiana, Kentucky, Montana, and New Mexico. Year of Enrollment portfolios are designed to account for the beneficiary's age and the target year they are expected to graduate from high school and attend an eligible institution of higher learning. The chosen Year of Enrollment portfolio typically follows a "glide path," which is set to focus on more risky assets that allow for asset growth in the beginning, and gradually adjust to more conservative investments over time as the beneficiary approaches college age, allowing for returns to be maximized in earlier years and for returns to be preserved as the target year (or year of withdrawal) approaches.[20]

20 Kim, Hyunmin, "529 Plans: What's Changed and What's the Same?" Morningstar, June 12, 2023, https://www.morningstar.com/personal-finance/themes-across-529-plan-landscape-6-charts, "Most 529 accountholders utilize an age-based or target-enrollment strategy, which is a set-it-and-forget-it type of investment that starts with a large allocation in risky assets (that is, equities) when the beneficiary is young. As the beneficiary grows older, the portfolio transitions to a more conservative positioning by allocating more to bonds and cash or cash like accounts."

Compared to the other Ascensus-managed programs, D.C.'s 529 programs Year of Enrollment portfolios' average annual total returns were below average since inception for six of the seven target year portfolios, as seen in Figure 5. A comparison of one-year, three-year, five-year, 10-year and since inception returns can be found in Appendix A, which also includes each portfolio's inception date. An earlier inception date means that a portfolio has been invested for a longer amount of time, which is a factor when comparing performance. A portfolio's glide path is also a consideration, as each program's Year of Enrollment options have differing strategies for when they will shift to more conservative investments. The timing of this shift can impact rates of return for comparisons but may not be indicative of the portfolio's overall performance at the end of the glide path when it reaches its target year.[21]

Figure 5: Average Annual Rate of Return for Ascensus-Managed Programs Since Inception



Source: Program websites and ODCA analysis

We learned that the OCFO contracted with Meketa, an investment consultant, to perform regular monitoring of each portfolio's performance and established a process that would permit swapping out underlying funds after consistent under-performance. Though D.C.'s performance was slightly lower than other Ascensus-managed programs, the independent third-party consultant, Meketa, did not recommend in its FY 2020 - FY 2024 Watch Memos to the OCFO during that time period to change any underlying funds. Rather, Meketa's recommendations included keeping certain funds on a "Watch" or "Monitor"

21 Kim, Hyunmin, "529 Plans: What's Changed and What's the Same?" Morningstar, June 12, 2023, https://www.morningstar.com/personal-finance/themes-across-529-plan-landscape-6-charts, "Over the years, Morningstar has cautioned investors against glide paths with large equity steps (21 % or more), as they expose investors to market-timing risk. If a portfolio happens to derisk after a large market decline, investors risk locking in their losses and capping their upside by selling stocks at their low and allocating those funds to bonds and cash."

status, citing Meketa's judgement that the root cause for the fund qualifying for those statuses was largely due to various temporary factors, rather than a fundamental flaw with the fund.

While we did not closely examine these activities to confirm they were working as intended, we determined that, by contracting with an independent third party with expertise, the OCFO had a process in place to monitor and act on portfolio performance.

D.C.'s 529 program Bond Index and Principal Protected portfolios performed both above and below average compared to other states' Ascensus-managed programs at different time periods.

D.C.'s Bond Index portfolio's average annual total returns were above average for one-year and since inception performance, but below average for three- and five-year year performance, compared to the other Ascensus-managed programs, as seen in Figure 6.

Figure 6: Ascensus-Managed Programs' Bond Index Portfolio Performance

Program	Portfolio Name	1-year	3-year	5-year	10-year	Since Inception	Inception Date
DC	**U.S. Intermediate-Term Bond Index**	**11.10%**	**-1.53%**	**0.04%**	**N/A**	**1.29%**	**3/24/2017**
Indiana	Bond Index Portfolio	11.32%	-1.54%	0.18%	1.66%	2.55%	7/27/2009
Kentucky	Bond Index Option	10.31%	-0.30%	0.62%	N/A	1.57%	2/22/2019
Montana	Bond Index	10.80%	-1.74%	N/A	N/A	-1.27%	4/27/2020
New Mexico	Bond Index Portfolio	11.33%	-1.38%	N/A	N/A	0.25%	12/6/2019
Average:		**10.94%**	**-1.24%**	**0.40%**	**1.66%**	**0.78%**	

Source: Program websites and ODCA analysis. Notes: Average annual total return rates were measured as of 9/30/2024. Unlike other programs where Bond Index options have 100% allocation, Kentucky utilized multiple underlying funds.

Similarly, D.C.'s Principal Protected portfolio's average annual total returns were above average for five-year and since inception performance but below average for one-year and three-year performance, compared to the other Ascensus-managed programs.

Figure 7: Ascensus-Managed Programs' Principal Protected Portfolio Performance

State	Portfolio Name	1-year	3-year	5-year	10-year	Since Inception	Inception Date
DC	**Principal Protected Portfolio**	**2.69%**	**2.36%**	**2.28%**	**N/A**	**2.26%**	**3/24/2017**
Indiana	Stable Value Portfolio	2.92%	2.12%	2.03%	N/A	1.90%	10/7/2016
Kentucky	Capital Preservation Option	4.78%	3.34%	2.37%	N/A	2.35%	2/22/2019
Montana	Capital Preservation Portfolio	2.69%	2.38%	2.34%	N/A	2.36%	12/7/2018
New Mexico	Capital Preservation Portfolio	2.86%	2.41%	N/A	N/A	2.30%	12/6/2019
Average:		**3.31%**	**2.56%**	**2.25%**	**N/A**	**2.23%**	

Source: Program websites and ODCA analysis

D.C.'s 529 program fees were comparable to other Ascensus-managed programs.

To determine how the D.C. 529 program's total annual asset-based fee compared with other jurisdictions, we used the previously identified four Ascensus-managed programs in which Ascensus was both the Program Manager and Investment Manager: Indiana, Kentucky, Montana, and New Mexico.

D.C.'s total annual asset-based fee was comparable to the four other Ascensus-managed programs. The total annual asset-based fee was a combination of three fees:

1. Underlying Investment Fee: This fee included "investment advisory fees, administrative fees, and other expenses that are paid out of the assets of the Underlying Investment. An Underlying Investment's expense ratio measures the total annual operating expenses of the Underlying Investment as a percentage of its average daily net assets." The fee varies depending on the portfolio and was paid to the specific fund's manager (e.g. Vanguard, Schwab).
2. Program Management Fee: This fee was paid to Ascensus as "compensation for administering and managing the plan."
3. State Fee: This fee was paid to the OCFO, and deposited into the Administrative Fund, "to offset expenses related to oversight and administration of the plan."

The total annual asset-based fee varied by portfolio, resulting in the fee ranges shown in Figure 8 for the Year of Enrollment portfolios.

Figure 8: Ascensus-Managed Programs' Year of Enrollment Portfolios' Fees

Program	Underlying Investment Fee	Program Management Fee	State Fee	Total Annual Asset-Based Fee[22]
D.C.	**0.01–0.04%**	**0.25%**	**0.05%**	**0.31–0.34%**
Indiana	0.03–0.04%	0.24%	0.0%	0.27–0.28%
Kentucky	0.02–0.03%	0.36%	0.07%	0.45–0.46%
Montana	0.02–0.04%*	0.32%	0.09%*	0.43–0.46%*
New Mexico	0.03–0.04%	0.05%	0.05%	0.13–0.14%
Average:	**0.03–0.04%**	**0.24%**	**0.05%**	**0.32–0.33%**

***Numbers Rounded. Source: Program disclosure booklets**

Two of the Ascensus-managed programs, Kentucky and New Mexico, and D.C.'s 529 program, did not charge participants an enrollment fee. There was no mention of an enrollment fee in the program disclosure books for Indiana and Montana.

D.C.'s 529 program had a higher program management fee compared to 529 programs with different Program and Investment Managers.

To determine how D.C.'s 529 program's fees compared with jurisdictions that did not have Ascensus as both a Program Manager and Investment Manager, we identified a sample of seven non-Ascensus managed 529 programs: Delaware, Maryland, New York, Oklahoma, Pennsylvania, Utah, and Virginia.

As shown in Figure 9, these non-Ascensus managed 529 programs also had differing plan types: some were open-architecture in which the Program Manager offered portfolios comprised of underlying funds from multiple investment management groups (e.g. Vanguard, Schwab, iShares), while others were closed-architecture in which the Program Manager offered portfolios with underlying funds from one investment management group (e.g. Fidelity, TIAA-CREF). Also, Utah and Virginia's programs were managed by state entities.

22 DC College Saving Plan Program Disclosure Booklet, supplement dated January 2025: "The Total Annual Asset-Based Fee total fee is assessed against assets over the course of the year. It includes the Underlying Investment Fee plus the Program Management Fee and State Fee, but does not include the Annual Maintenance Fee."

Figure 9: D.C. and Non-Ascensus Managed Programs' Year of Enrollment Funds and Fees

Program and Plan Type	Program Manager and Investment Manager	Underlying Funds	Underlying Investment Fee	State Fee	Program Management Fee	Total Annual Asset-Based Fee Range
DC Open-architecture	**Ascensus** **Ascensus**	**Vanguard, Schwab, iShares, Ameritas**	**0.01-0.04%**	**0.05%**	**0.25%**	**0.31-0.34%**
Delaware Closed-architecture	Fidelity Fidelity	Fidelity Funds	0.43-0.67%	0.05%	0.12%	0.60-0.84%
Maryland Closed-architecture	T. Rowe Price T. Rowe Price	T. Rowe Price Funds	0.30-0.59%	0.05%	0.03%	0.38-0.67%
New York Closed-architecture	Ascensus Vanguard	Vanguard Funds	0.02-0.03%	0.0%	0.09-0.10%	0.12%
Oklahoma Closed-architecture	TIAA-CREF TIAA-CREF	TIAA-CREF Funds[23]	0.06-0.10%	0.0%	0.10%	0.16-0.20%
Pennsylvania Closed-architecture	Ascensus (for recordkeeping and processes) and Pennsylvania Treasury (other functions) Vanguard	Vanguard Funds	0.03-0.04%	0.05%	0.11%*	0.19-0.21%*
Utah Open-architecture	State of Utah	Vanguard, PIMCO, FDIC Insured Savings Account	0.03-0.04%	0.10%	0.0%	0.13-0.14%*
Virginia Open-architecture	Virginia Commonwealth Savers[24]	Vanguard, Wellington Management Co., Blackstone, etc.	0.04-0.33%	0.049%	0.0%	0.09-0.38%*
Average for Fees:			**0.13-0.25%**	**0.04%**	**0.05%**	**0.22-0.35%**

***Numbers rounded. Source: Program disclosure booklets**

23 Oklahoma Plan Description, https://www.oklahoma529.com/documents/ok_plan_description.pdf. Effective May 1, 2024, some TIAA CREF Funds were renamed as "Nuveen" Funds (pg.8).

24 Virginia Invest529 webpage, "Financial advisor FAQs," https://www.invest529.com/for-financial-professionals/, "Invest529 portfolios are managed by the Commonwealth Savers Plan Investment Advisory Committee, internal Investment staff and Mercer Investment Consulting, Inc., who work collaboratively in management of the investment program."

The figure above shows that among the states that charged a state fee, D.C.'s 529 program's state fee was either identical or lower than all programs, except for Virginia's. It also shows that D.C. had the highest program management fee in our sample.

There are several potential reasons why D.C. had a higher program management fee that make comparisons with other jurisdictions difficult:

D.C. had an open-architecture plan which allowed Ascensus to offer funds from various investment managers, like Vanguard, Schwab, and Ameritas, compared to a closed-architecture plan, like Delaware, which only allowed funds to be offered from one specific investment management group, Fidelity, which was also the Program Manager. Closed-architecture plans allow for lower program fees because the Program Manager receives the program management fee, and the underlying investment fees, as opposed to open-architecture programs where the Program Manager does not receive underlying investment fees and is compensated with higher program management fees.

Factors such as population size, total assets under management, and number of accounts, can have an impact on the fees a jurisdiction is able to negotiate with program and investment managers. Among our sample, D.C. had the smallest population size, as seen in Figure 10.

Figure 10: Population of D.C. and the Non-Ascensus Managed Programs

Jurisdiction	Population
D.C.	**689,545**
Delaware	989,948
Maryland	6,177,224
New York	20,201,249
Oklahoma	3,959,353
Pennsylvania	13,002,700
Utah	3,271,616
Virginia	8,631,393

Source: U.S. Census Bureau 2020

For programs where we were able to collect comparable information, D.C. had less total assets under management and total accounts. For FY 2023, D.C.'s total assets were $1.1B[25], while Pennsylvania had $4.6B and Utah had over $20B.[26] While FY 2023 data was not available, Virginia had a total of $9B in total assets as of March 2024.

25 FY 2024 data for the D.C. 529 program was not used for Figure 11 as it was not available for all programs.

26 According to data from December 2020, non-resident accounts made up 57.9% of new accounts for the Utah my529 program, https://ushe.edu/wp-content/uploads/pdf/agendas/20210521/05-21-21_tab_f.pdf, see pg. 24.

Figure 11: Total Assets Under Management and Total Accounts for D.C. and Other Non-Ascensus Managed Programs

Jurisdiction	Program	Total Assets Under Management (FY 2023 or FY 2024)	Total Accounts
D.C.	**D.C. College Savings Plan**	**$1.1B**	**39,025**
Pennsylvania	PA 529 Investment Plan (IP)	$4.6B	175,223
Utah	Utah my529	$20B	490,642
Virginia	Invest529	$9.1B	484,899

Source: Annual reports and ODCA analysis. Note: Delaware, Maryland, New York, and Oklahoma did not have comparable information available.

Another difference between D.C.'s 529 program and non-Ascensus managed programs, seen in Figure 9 above, was the maintenance fee. Only one other state, Pennsylvania, charged a maintenance fee, though waived it for participants with electronic delivery. D.C.'s 529 program waived this fee for accounts with more than $15,000 in assets, and for accounts with less than $15,000, it was $10 for residents and $15 for non-residents.

The OCFO did not ensure that Ascensus provide a detailed breakdown of administrative costs in D.C. 529 program participants' quarterly statements, as the contract required.

The contract required Ascensus to provide program participants quarterly statements that contained the "Personal rate-of-return for quarter… All activity for the quarter including transfers, contributions, investment, earnings/losses and **administrative costs all detailed by investment choice…"** [emphasis added].[27]

Ascensus sent participants quarterly statements but the statements did not contain administrative costs detailed by investment choice, such as the administrative fee, state fee, and underlying investment fee charged for each portfolio. Figure 12 shows the quarterly statements contained personal rate-of-return, transfers, contributions, investments, and earnings/losses as required by the contract.

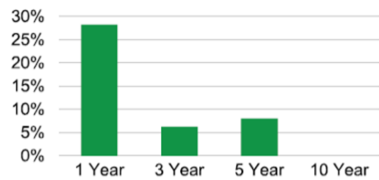
27 The January 2025 contract with Ascensus contains the same language and requirements for quarterly participant statements.

Figure 12: D.C. 529 Quarterly Participant Statement with No Fees Shown

STATEMENT SUMMARY

	Quarterly Totals	Year-to-Date Totals
Current Year Contributions - All Sources	$0.00	$0.00

Annualized Personal Rate of Return
(as of 9/30/2024)



1 Year	3 Year	5 Year	10 Year
28.20%	**6.20%**	**7.95%**	**N/A**

Your personal performance is based on the performance of your investments and on the timing and amount of your purchases and redemptions. Therefore, your personal performance may differ-perhaps greatly-from the performance of the investments themselves. Personal performance uses a formula called internal rate of return (IRR), which is a dollar–weighted return. IRR takes into account new money coming into your investment and how long that money has been held. Don't confuse your personal rate of return with those posted for funds and indexes. Those returns use a time–weighted calculation, which does not take cash flow into consideration. Past performance is not a guarantee of future performance. You should monitor your personal performance over an extended period of time and consider other factors-investment objectives, time horizon, risk tolerance, personal financial situation, and tax implications-before making changes to your portfolio. Performance presented is for applicable time frames since initial investment. Accounts with a zero balance at the beginning or end of the time period shown will show a zero return.

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INVESTMENT SUMMARY

Portfolio Name	Units	Unit Price	Value
DC College Savings 2037 Portfolio	500.3001	$15.55	$7,779.67
U.S. Socially Responsible Equity Portfolio	361.5787	$27.12	$9,806.01
Non-U.S. Socially Responsible Equity Portfolio	453.8243	$16.78	$7,615.17
Non-U.S. Total Stock Market Index Portfolio	462.9393	$15.79	$7,309.81
		Total:	**$32,510.66**

INVESTMENT TRANSACTIONS

No transaction activity this period.

Source: ODCA

The D.C. 529 Program Disclosure booklet contained a Hypothetical $10,000 Investment Cost Chart, that illustrates the approximate cost of investing in different portfolios for 1, 3, 5, and 10-years.

In addition, Ascensus' platform was not constructed to accommodate detailing administrative costs by investment choice for each participant even though it was a requirement of the contract. As a result, participants could not make fully informed investment decisions about whether their portfolios were receiving higher investment returns than what they cost in fees. We did not find examples of a detailed fee breakdown from other 529 programs.

This level of detail was possible for other investment programs. For example, the OCFO-managed D.C. 457b retirement program statements showed line item/individual fee deductions, as shown in Figure 13.

Though the fee amount was not tied to specific investment options, a line-item fee was available for each investment selection.

Figure 13: 457b Statement with Individual Asset Administrative Fee

Transactions

Description	Type	Trade Date	Processed Date	Amount
Asset Administrative Fee	Fee	06/12/2025	06/12/2025	-$0.06
Asset Administrative Fee	Fee	06/12/2025	06/12/2025	-$0.11
Asset Administrative Fee	Fee	06/12/2025	06/12/2025	-$0.04
Asset Administrative Fee	Fee	06/12/2025	06/12/2025	-$0.12
Asset Administrative Fee	Fee	06/12/2025	06/12/2025	-$29.08
Asset Administrative Fee	Fee	06/12/2025	06/12/2025	-$0.04

Source: ODCA

Recommendation

1. The OCFO should require Ascensus to acquire capability to provide the administrative costs for all investments consistent with the contract.

The OCFO did not enforce the contract requirement that Ascensus provide annual financial statements and instead used the Administrative Fund to pay approximately $223,000 for the statements.

The contract stated that Ascensus "shall provide the District with the Plan's annual financial statements and information to ensure the District and/or its independent accounting firm is able to audit the Plan in accordance with generally acceptable accounting principles."

The OCFO did not require Ascensus to provide the program's annual financial statements as part of Ascensus' Deliverables for Record Keeping, Administration, and Custodial Services. Instead, the OCFO contracted with IBS Management Consultants (IBS) to prepare the program's financial statements using Ascensus-provided documents.

The contract also required Ascensus to coordinate with the independent accounting firm hired by the OCFO to complete the 529 Plan's annual financial statements and post the audit reports on the Program's website. We found that Ascensus coordinated with that firm, Watson Rice, for the audit of the Program's financial statements. Ascensus provided financial information to IBS, and then IBS compiled the information into the Program's financial statements. Watson Rice audited these financial statements, which became the audited financial statements presented in the D.C. 529 program annual reports.

Additionally, we found that the audited financial statements were completed for each year of our scope and posted to the Program website.

The OCFO's D.C. 529 program standard operating procedures (SOPs) conflicted with language in the contract. The SOPs stated that "The annual preparation of the plan's financial statement and audit of the financial statements **are paid from the administrative fund"** [emphasis added] contrary to the contract, which stated that "The Contractor shall provide" the annual financial statements.

The OCFO authorized participants' fees to pay for the preparation of financial statements two times—first, it was included as a contract deliverable and accounted for in Ascensus' compensation and, again, using the Administrative Fund to pay IBS for their services. As a result, $223,104 was paid from the Administrative Fund that should have been paid by Ascensus, as shown in Figure 14.

Figure 14: Financial Statement Compilation Payments from 529 Administrative Fund FY 2020 – FY 2024

Fiscal Year of Payment	Payment Amount
FY 2020	$46,000
FY 2021	$42,333
FY 2022	$43,603
FY 2023	$44,911
FY 2024	$46,257
Total	**$223,104**

Source: OCFO

Recommendations

2. The OCFO should require Ascensus to reimburse the Administrative Fund $223,104, the cost of compiling the annual financial statements.

3. The OCFO should require Ascensus to provide annual financial statements.

4. The OCFO should update its D.C. 529 program standard operating procedures (SOPs) by removing "The annual preparation of the plan's financial statement and audit of the financial statements are paid from the administrative fund."

The OCFO permitted Ascensus to operate a scholarship program to promote the D.C. 529 program, spending $80,000 from the Administrative Fund and not ensuring the program's effectiveness.

The contract stated "The DC College Savings Plan and the District of Columbia's College Access Program (DC-CAP) have partnered together to develop an essay contest for ninth grade students in public and public charter schools in the District" [emphasis added]. The contract stated that the contest encouraged "young students to plan for and pursue high education, and offers cash prizes – awards deposited in DC College Saving Plan accounts which help both students and their parents become better prepared financially for post-secondary education." It also stated that "[f]unding for the essay contest is a component of the Contractor's marketing budget."

The OCFO deviated from the contract requirements as the essay contest was expanded to include 12th grade students. In FY 2020 through FY 2024, 15 twelfth graders were awarded $26,500 in scholarships along with 61 ninth graders who were awarded $113,500 in scholarships in the form of deposits into their 529 accounts. Figure 15 reflects the 9th and 12th grade winners for each year and the total amount paid in scholarships over the five-year period.

Figure 15: 9th and 12th Grade Scholarship Winners Paid from the Administrative Fund, FY 2020–FY 2024

Grade	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	Total Winners Paid	Total Amount Paid
9th	32	15	4	8	0	61	$113,500
12th	**0**	**5**	**6**	**3**	**1**	**15**	**$26,500**
Total	**32**	**20**	**10**	**11**	**1**	**76**	**$140,000**

Source: ODCA analysis

Contest winners were from both public and public charter schools in each ward of the District, as stated in the contract. Our testing showed that all participants who collected scholarship awards were the actual winners.

According to Ascensus' FY 2020 through FY 2024 marketing budgets, $12,000 was to be allocated each year to fund the contest. We found the OCFO did not ensure that Ascensus fulfilled its requirement to fund the contest timely in FY 2020 and FY 2021. Ascensus made two payments in FY 2022 totaling $72,000 to the Administrative Fund to cover six years of Ascensus' contributions, FY 2022 and five prior years (FYs 2017 - 2021). Ascensus fulfilled its $12,000 commitment timely in FY 2023 and FY 2024.

While the contract stated, "The District will not provide marketing support (financial or other resources) toward the Contractor's marketing efforts," we found that the OCFO nonetheless provided financial support toward marketing, which was the stated purpose of the essay contest. The OCFO allowed the Administrative Fund to be used to pay $80,000 from FY 2020 through FY 2024 above Ascensus' $12,000 annual commitment, as seen in Figure 16.

Figure 16: Ascensus and the Administrative Fund Contributions to Scholarships Funded

	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	Total
Ascensus Contribution	$12,000	$12,000	$12,000	$12,000	$12,000	$60,000
Administrative Fund Contribution	**$18,500**	**$9,500**	**$43,000**	**$5,500**	**$3,500**	**$80,000**
Scholarships Funded	$30,500	$21,500	$55,000	$17,500	$15,500	$140,000

Source: ODCA analysis of bank statements

The OCFO had a hands-off approach toward the essay contest and largely relied on Ascensus to handle all aspects, including coordination with DC CAP and funding accounts. Also, the only written document the OCFO could provide on the purpose of the contest referred to Calvert, which was the 2016 Program Manager, and did not reflect Ascensus' takeover as Program Manager, nor other changes to the essay contest, such as the inclusion of 12th graders.

The OCFO did not monitor the contract and the Administrative Fund sufficiently to ensure Ascensus was fulfilling its obligation for the annual contributions. According to Ascensus, staff changes at Ascensus may have contributed to past due contributions.

While the contract was clear that the District would not provide financial support toward Ascensus' marketing efforts, the Deputy CFO stated in an email that the "essay contest is a program designed for purposes of promoting the program" and cited D.C. Code and DCMR as authority to use the Administrative Fund for scholarships, stating, "The Code provides authority for this purpose, as well as for the CFO to promulgate regulations in furtherance of that aim."

With the essay contest's expansion the OCFO tacitly permitted the use of additional funds from the Administrative Fund, which is funded by participants' fees. Additionally, scholarships for high school students did not appear to be an effective promotion of the D.C. 529 program. The goal of investing is to gain returns over time and there was not significant time for high school student families to save for higher education, a point particularly true for 12th graders. Some of the 12th grade winners immediately withdrew the award money from their 529 accounts, not adding contributions nor leaving time for investment gains.

Our research found that other state 529 programs held scholarship contests, but they were open to earlier grade levels. Utah's bookmark design contest was for grades K-12 and chose eight winners (across four age brackets) for a $2,000 account contribution. New Mexico's essay contest was held for grades K-8 to win a $1,000 account contribution for up to 50 winners.

Our research also identified that the Utah 529 program's audited financial statements transparently report the amount of scholarships awarded as a separate line item and note that the scholarships for the

Utah 529 program come from an Endowment fund, separate from its Administrative Fund,[28] as shown in Appendix B.

Recommendation

5. The D.C. Council should determine whether scholarship awards are an acceptable use of the Administrative Fund and amend D.C. Code to clarify the definition of promotion of the Program.

The OCFO did not approve each scholarship withdrawal from the Administrative Fund as DCMR required.

DCMR states that "All withdrawals from the Administrative Fund shall require the written approval of (i) the Deputy Chief Financial Officer of the Office of Finance and Treasury and Treasurer of the District of Columbia, Associate Treasurer, or the Program Administrator, and (ii) an authorized official of the Program Manager."[29] Watson Rice's workpapers described scholarship deductions from the 529 Administrative Fund as withdrawals.

We found that no scholarship withdrawals from the Administrative Fund contained written approval from the OCFO staff, including the Deputy CFO or Program Administrator.

The OCFO's 529 program SOPs did not detail that scholarship withdrawals needed to be reviewed and approved. The OCFO staff explained that it gave Ascensus "blanket" approval to award scholarships from the Administrative Fund and did not require each individual scholarship funding transfer to be reviewed.

The OCFO could not ensure that scholarship withdrawals from the Administrative Fund were to the appropriate awardees and in the correct amounts. The OCFO was unable to provide documentation for each award recipient, including payment directives for the withdrawals from the Administrative Fund to the participants' 529 accounts or confirmation that awards were deposited.

Recommendation

6. The OCFO should update its 529 program standard operating procedures (SOPs) to include approval procedures for withdrawals from the Administrative Fund.

The Administrative Fund audited financial statements did not accurately report the dollar amount of scholarships awarded.

28 Utah's audited financial statements define an "Endowment Fund" which "may be used to enhance the savings of low income Account Owners, to fund scholarships, to offer other college savings incentives or to be transferred to the Administrative Fund." See https://reporting.auditor.utah.gov/servlet/servlet.FileDownload?file=0151K000004sKMgQAM, pg. 10.

29 9 DCMR § 155.7(e).

The D.C. 529 Participant and Administrative Fund financial statements for FY 2020 through FY 2024 stated that they were prepared in accordance with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board. The audited financial statements further state that, "The financial statements of the fiduciary funds are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recognized when incurred."[30]

According to Watson Rice, the accounting firm that audited the financial statements, scholarships awarded but not collected were not accrued on the financial statements because the difference was not a material item that would require the OCFO to make an adjustment. Watson Rice further explained that benefit plan-type payments are never accrued and that is compliant with GAAP.

The Administrative Fund financial statements reported scholarship deductions inaccurately for four of the five years of the audit scope. Scholarships were not reported on an accrual basis of accounting, as stated by the auditors, nor were they reported on a cash basis of accounting. Using the cash basis, scholarships were over-reported in three years of our scope, and under-reported in one year. Only in FY 2024 did the financial statements accurately report scholarship deductions on a cash basis. Figure 17 shows the scholarship amount reported in the audited financial statements compared to the bank records (BNY) that showed the actual transfers to the award winner's 529 accounts.

Figure 17: Scholarship Amount Reported in the Audited Financial Statements Compared to Scholarships Actually Paid

	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Scholarships Funded per Audited Financial Statements	$36,500	$24,000	$72,000	$5,000	$15,500
Scholarships Funded per bank records (cash basis)	$30,500	$21,500	$57,500	$17,500	$15,500
Difference (over- or under-reported amount)	**$6,000**	**$2,500**	**$14,500**	**-$12,500**	**$0**

Source: ODCA analysis

The OCFO management was responsible for the "preparation and fair presentation" of the audited financial statements in accordance with GAAP. The OCFO stated they had a process for reviewing the audited financial statements, but it did not detect errors in the reporting of scholarships because the OCFO had a hands-off approach, as previously stated.

Watson Rice did not detect the inaccurate reporting of scholarship deductions, as the amounts were

30 Government of the District of Columbia, Office of the Chief Financial Officer, Office of Finance and Treasury, "Report on The District of Columbia 529 College Savings Program Trust Participant and Administrative Funds, Financial Statements and Management's Discussion and Analysis Years Ended September 30, 2024 and 2023," pg. 14.

below the material amount and risk-level review threshold. Watson Rice stated, "scholarships as a financial statement component have not been a material item requiring focus in the audit - our audit is risk-based…." and "if an item is not material, then from a financial statement auditor's perspective, it's considered fairly stated…."

The inaccurate reporting of scholarship deductions resulted in misleading amounts being published. The public could not obtain accurate information about the Administrative Fund's use and the amount of scholarships awarded each year.

Recommendation

7. OCFO should update its 529 program standard operating procedures (SOPs) to include a process for reviewing the accuracy of Administrative Fund deductions prior to publication of the audited financial statements.

Most professional fee expenditures for services to administer the D.C. 529 program charged to the Administrative Fund complied with legal requirements.

D.C. Code states that the Chief Financial Officer (CFO) shall use the Administrative Fund "to pay for the staff and non-personal services needed to administer the Program."[31] DCMR outlines that the Administrative Fund was established to "pay the reasonable expenses of administering and managing the program," including "legal, actuarial, accounting, advisory, consulting and other administrative and financial management services."[32]

With the exception of the IBS compilation of the financial statements discussed above, the other Administrative Fund professional fee expenditures were reasonable and in compliance with legal requirements. Figure 18 summarizes these expenditures in categories ODCA determined, which includes the $223,104 for financial statement costs (under Accounting).

31 D.C. Code § 47–4505.
32 9 DCMR) § 9-155.7 (a).

Figure 18: Professional Fee Expenditures from the Administrative Fund, FY 2020 - FY 2024

Professional Fee Categories	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	Totals
Audit	$81,030	$72,458	$70,141	$100,140	$86,337	$410,107
Investment Consulting	$97,500	$71,500	$78,500	$85,500	$57,000	$390,000
Accounting	$54,400	$50,831	$52,227	$71,434	$64,693	$293,585
Administrative Services	$0	$77,476	$56,280	$0	$0	$133,756
Legal Services	$0	$0	$8,734	$0	$0	$8,734
Other	$0	$3,058	$0	$547	$0	$3,605
Totals	**$232,930**	**$275,323**	**$265,882**	**$257,621**	**$208,030**	**$1,239,787**

Source: ODCA analysis

Regarding Audit fees, the OCFO contracted with Watson Rice for the audit of the annual financial statements. Regarding Accounting fees, the OCFO contracted with IBS for compilation of the annual financial statements discussed above. The Administrative Services fees in FY 2021 and FY 2022 were to reimburse the OCFO for a portion of its staff time administering the D.C. 529 program.

Regarding Investment Consulting, the OCFO contracted with Meketa to conduct investment analysis and provide input on investment management searches. Meketa also conducted a peer review study for the D.C. 529 program in 2020 that showed D.C.'s fees, performance, and investment offerings were comparable to other programs nationally.

DCMR also requires that "All expenditures from the Administrative Fund shall require the written approval of the Deputy Chief Financial Officer of the Office of Finance and Treasury and Treasurer of the District of Columbia, Associate Treasurer or Program Administrator."[33] We found the professional fee expenditures from the Administrative Fund for FY 2022 - FY 2024 had the required OCFO signatures.

The OCFO collected more in fees than was reasonably necessary to administer the D.C. 529 program, resulting in a 184% increase in the Administrative Fund balance from FY 2020 to FY 2024.

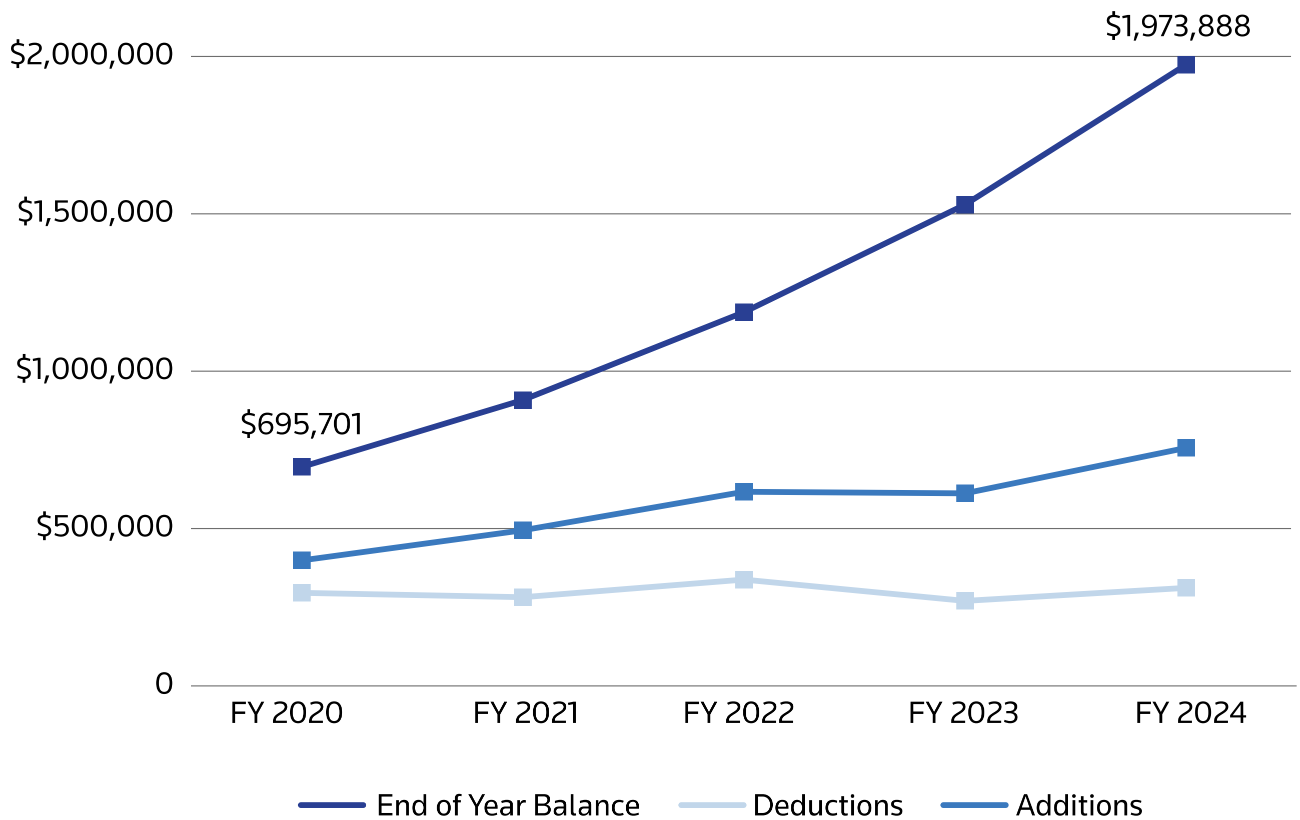
The D.C. Code states that the CFO may "[i]mpose and collect reasonable administrative fees" for the Program.[34] The regulations state that "[a]ll monies received by the Program other than Contributions …

33 9 DCMR § 9-155.7 (e).
34 D.C. Code § 47–4505 (c)(5).

shall be deposited in the Administrative Fund."[35] Monies received by the program include fees charged to the participants.[36] The OCFO staff stated that the Office of Finance and Treasury set the State Fee amount.

The OCFO collected more fees than reasonably necessary to administer the D.C. 529 program. Analysis of the audited financial statements showed that the Administrative Fund end-of-year balance grew each year and grew 184% from FY 2020 to FY 2024. Figures 19 and 20 show this growth was partially due to participant and asset growth, which also increased each year with the exception of FY 2022, which increased the amount of State and Maintenance Fees (additions) collected, while the program's deductions (expenses) remained constant.

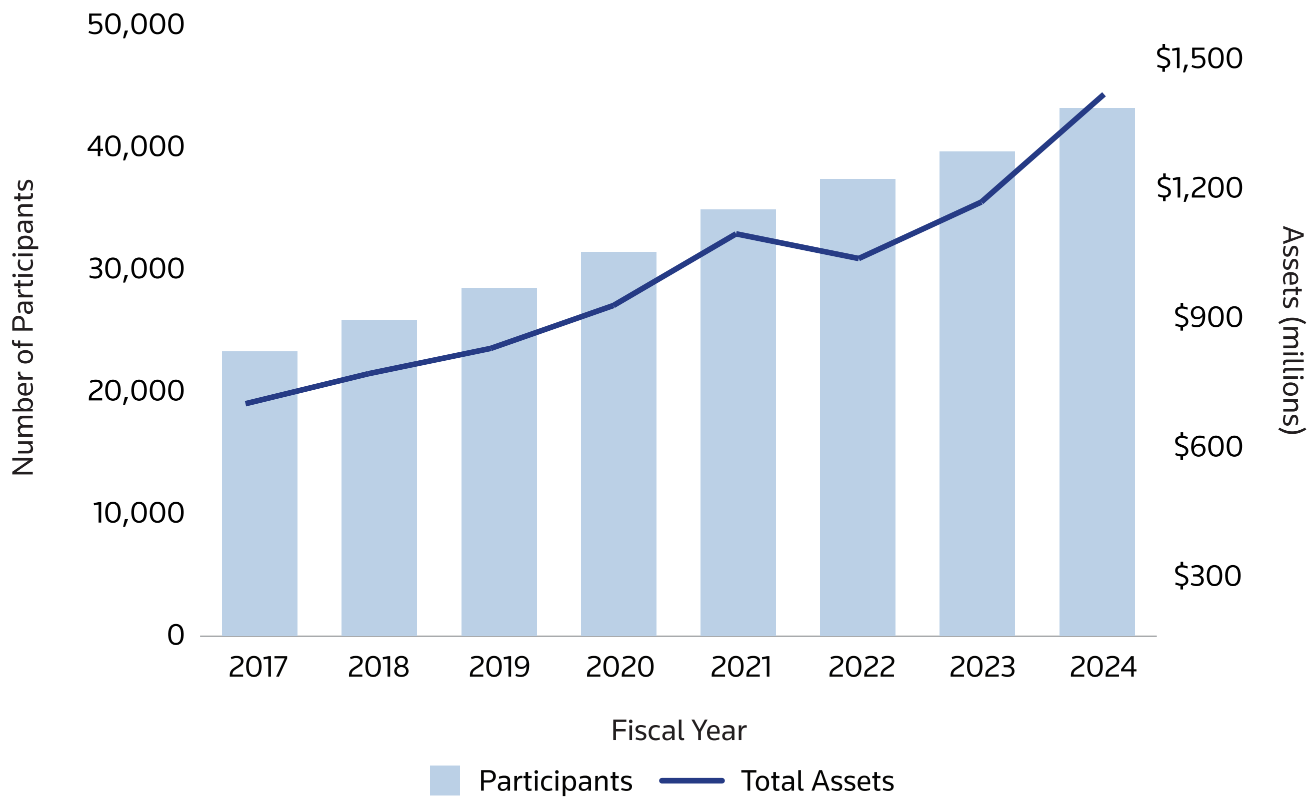
Figure 19: Administrative Fund Balance FY 2020–FY 2024



Source: ODCA analysis of D.C. 529 program Audited Financial Statements

35 9 DCMR § 9-155.7 (b).
36 9 DCMR § 9-155.3(k).

Figure 20: D.C. 529 Program Participants and Assets, FY 2017–FY 2024



Source: ODCA analysis of D.C. 529 program Audited Financial Statements

The ending year fund balance would be even greater if not for the OCFO paying for financial statement compilation and scholarships from the Administrative Fund, as discussed in previous findings. Further, as Figure 20 is based on the audited financial statements and a previous finding discussed how those over-reported scholarship deductions in three years, the actual Administrative Fund balance was larger. A detailed chart on the Administrative Fund balance can be found in Appendix C.

DCMR also states that "The assets of the Administrative Fund shall be deposited in money market fund or similar fund…All earnings on deposits…shall be credited to the Administrative Fund."[37] We found that the Administrative Fund balance was invested per regulations.

The OCFO stated that they assessed the State Fee against the landscape of other states' 529 program's state fees and whether it adequately covered the program's expenses, but the OCFO did not have a written assessment to show what data was used. The OCFO did not routinely assess the State Fee. As discussed in the finding above, the District's State Fee was average compared to other Ascensus-managed programs that did have a state fee while noting that some states do not have a state fee.

While the OCFO stated that they assessed the Maintenance Fee, they did not discuss the possibility of

37 9 DCMR § 9-155.7(b).

lowering or eliminating it, despite it not being required by DCMR.[38] The OCFO explained that this was in part because the Maintenance Fee paid goes entirely to Ascensus (the Program Manager) and serves as part of its compensation, and only a portion of the non-resident fee is transferred to the Administrative Fund.

As a result of higher than necessary State Fees and Maintenance Fees, D.C. 529 program participants had less money in their 529 accounts to invest. Also, fees are a consideration for prospective D.C. 529 program participants, as Morningstar, an investment research firm, explains, "our research has consistently shown that, over time, lower-fee options provide a reliable edge relative to peers."

Recommendation

8. The OCFO should conduct and document an analysis of the reasonable fees needed to administer the Program, determine if the state and maintenance fees should be adjusted, and undertake such analysis at reasonable intervals.

The OCFO ensured that Ascensus provided contract deliverables for marketing the D.C. 529 program.

The contract required Ascensus to fulfill several marketing requirements, including a marketing proposal at the start of the contract that "shall include a component of community outreach within the District which shall cover all the DC wards."

The marketing proposal Ascensus provided in 2016 met the contract requirements and included community outreach components for all D.C. wards. The proposal described a marketing approach with "multiple touches and constant contact" through "email, direct mail, digital and print advertising, online paid search, grassroots outreach, sponsorships, and more" to keep the audience "actively engaged in saving for higher education." The proposal included instances of marketing the plan to "all District residents," and contained marketing strategies for reaching low to moderate income families and identifying barriers to entry. The proposal did not include ward-level specific strategies or planning.

Ascensus was also required to "prepare and submit to the COTR, for the District's approval, a marketing plan for the upcoming Plan fiscal year," and to "work in collaboration with the District to implement a marketing plan and to fully describe any communication materials (e.g., brochures, pamphlets and other advertising or marketing information concerning the 529 Plan or the products or services thereof) to be used… ."

Ascensus submitted marketing plans every year of our scope and the OCFO approved each plan. Interviews with Ascensus and OCFO staff indicated that the marketing was a collaborative effort, and meetings were held to discuss the upcoming year's plans. Each annual marketing plan Ascensus

38 Per the regulations, the maintenance fee "may" be imposed but is not required. 9 DCMR § 9-155.3(k).

submitted met the contract requirements of fully describing communication materials to be used and including sample materials when available. Figure 21 shows an example of a promotional email sent to an account holder.

Figure 21: D.C. 529 Promotional Email

Source: ODCA

Additionally, Ascensus was required to provide $200,000 per year to "educate residents of the District, as well as non-District residents, about the Plan," and we found that Ascensus budgeted at least $200,000 per year to market the plan. Our review of a sample of marketing invoices confirmed they were for marketing expenses such as podcast, transit, and newspaper advertisements.

The OCFO did not consistently, completely, and timely submit the annual D.C. 529 program report to the Council per D.C. Code.

D.C. Code requires that "By May 31st of each year, the Chief Financial Officer shall submit to the Council a report for the preceding fiscal year, which shall include: (A) The Mayor's audit report for the year; (B) A financial accounting of the Program, including: (i) The operating and administrative budget for the Program, which shall include a complete list of revenue sources and expenditures detailing the line-item expenditures; (ii) The number of accounts entered into during the previous fiscal year; (iii) Efforts by the Chief Financial Officer in marketing the Program; and (iv) Any recommendations of the Chief Financial Officer concerning the operation of the Program."[39]

D.C. Code also requires that "The Chief Financial Officer shall make available to each account owner a

39 D.C. Code § 47-4512(b)(1).

copy of a summary of the report and the option to purchase the full report at a nominal charge."[40]

The OCFO submitted only two of the five reports due to the Council -- the FY 2019 Annual Report on May 8, 2020, before the D.C. Code deadline, and the FY 2020 Annual Report on July 26, 2021, after the deadline. Both reports met most of the Code requirements, but neither included any recommendations from the CFO on program operations.

Figure 22: Annual Stakeholders Report Compliance with D.C. Code Requirements

D.C. Code Requirements	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Full Annual Report submitted by May 31st?	Yes	No	No Submission	No Submission	No Submission
Date of Submission	5/8/2020	7/6/2021			
Included Mayor's audit report for the year?	Yes	Yes			
Included a financial accounting of the program?	Yes	Yes			
Included operating and administrative budget for the Program, which shall include a complete list of revenue sources and expenditures detailing the line-item expenditures?	Yes	Yes			
Included the number of accounts entered into during the previous fiscal year?	Yes	Yes			
Included efforts by the CFO in marketing the Program?	Yes	Yes			
Included any recommendations of the CFO concerning the operation of the Program?	None Found	None Found			

Source: ODCA analysis

The OCFO also did not make a summary of the report available to account owners.

According to OCFO staff, they were not aware of the requirement to submit the report to the Council and attributed the unmet D.C. Code requirements to OCFO staff transitions. The OCFO SOPs did not mention the D.C. Code submission requirement of the annual report to the Council.

As a result of noncompliance with D.C. Code, information in the annual reports was not consistently and timely provided to the Council that would allow for oversight of the D.C. 529 program.

40 D.C. Code § 47–4512(b)(2).

While outside the scope of our audit, the FY 2024 Annual Report was submitted to the Council on time on June 2, 2025, (May 31, 2025, was a Saturday). Additionally, outside the scope of our audit, in June 2025, the OCFO stated they planned to send an email to D.C. 529 program participants notifying them of the release of, and providing a link to, the FY 2024 Annual Report.

Recommendation

9. The OCFO should update its 529 program standard operating procedures (SOPs) to comply with D.C. Code requirements to submit annual reports to the Council by May 31.

The OCFO did not ensure the D.C. 529 program Annual Stakeholders Report, required by the contract, was submitted on deadline or distributed to participants.

The contract required that Ascensus work with the OCFO to "create a Participant and Plan Sponsor Annual Stakeholders Report" to be "produced within 90 days after the end of the plan year." As the D.C. 529 program operated on a fiscal year, December 29 would be 90 days after the end of the plan year.

The contract required that the report "include information from the year end statistical management report and the Plan's audited financial statements as well as a description of the current investment options available to participants and any significant Plan changes that occurred during the fiscal year."

The OCFO and Ascensus worked together to create the annual Stakeholders reports, and each report included the required information, however, the reports were not produced within the timeline required. For example, the FY 2022 report was submitted on May 2, 2023 (124 days after the December 30 deadline) and the FY 2023 report was submitted on April 11, 2024 (104 days after the deadline), as detailed in Figure 23.

Figure 23: Annual Stakeholders Report Compliance with Contract Requirements

Contract Requirements	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Date of Ascensus Report Submission to OCFO	5/6/2020	6/8/2021	4/5/2022	5/2/2023	4/11/2024
Produced within 90 days of plan year end (September 30th)?	No	No	No	No	No
Included information from the year end statistical management report?	Yes	Yes	Yes	Yes	Yes
Included Plan's Audited Financial Statements?	Yes	Yes	Yes	Yes	Yes
Included Description of Current Investment Options Available?	Yes	Yes	Yes	Yes	Yes

Included any significant Plan changes that occurred during the fiscal year?	Yes	Yes	Yes	Yes	Yes
Published on website?	Yes	Yes	Yes	Yes	Yes

Source: ODCA analysis. Note: The FY 2019 report was included in the sample as it was due and submitted during our scope.

Additionally, the contract stated that the "The Participant and Plan Sponsor Annual Stakeholders Report will be distributed to participants and senior management of the District." Further, the contract required that reports be posted on the Program website.

Ascensus did not print, mail, or include links to the Stakeholders report in communications with participants but did mail them to senior management of the District. Annual Stakeholders reports were available on the D.C. 529 website.

When asked why it did not ensure Ascensus produced the Stakeholders reports 90 days after the fiscal year, OCFO staff stated that the reports required multiple levels of review and coordination between the OCFO and Ascensus, which pushed back the timeline. Additionally, staff explained that the D.C. 529 audit, which produced information required for the completion of the annual Stakeholder report, occurred in December, making the deadline difficult to meet.

OCFO staff explained that it would be costly to mail the Stakeholder reports to participants and that participants could easily find them on the D.C. 529 program website, yet the OCFO had not ensured that Ascensus find alternative methods to distributing the reports (i.e. email link to the report on the website, or a note in quarterly statements).

Information was not made available nor distributed to participants in a timely manner, leaving participants and the public without important information, like updates to investment options or program changes that included new ways for participants to contribute.

Recommendation

10. The OCFO should ensure that D.C. 529 program participants are notified of the Annual Report publications and the availability of reports online.

The OCFO received monthly and year-end 529 program reports timely but did not adequately monitor Ascensus to ensure that monthly, quarterly, and year-end reports included required information.

The contract required Ascensus to submit monthly Program reports. The monthly reports were to be delivered within "twenty (20) days after the end of each month," and to include information on participants, total assets in the plan, rates of returns for investments, and expenses paid for by the participants and the Plan.

The OCFO received the monthly reports from Ascensus before the deadline, with the exception of one, which was received 23 days after the end of the month. The monthly reports in our sample only contained one of the 13 contract requirements, as shown in Figure 24. Ascensus provided other reports with additional information, per a request from the OCFO, though those reports also did not contain the contract requirements.

Figure 24: Monthly Reports Compliance with Contract Requirements

Monthly Report Requirements	Information in Sample Reports
Total Number of Participants. Compare these items to the previous quarters in the year and then compare to each year-end.	Partial
Number of New Participants for Month and Plan Year, and Previous Year	Partial
Number of People Leaving the Plan for the Month and Year, and Same Info for Previous Year	No
A Narrative Indicating the Withdrawal Selection of Participants Leaving the Plan	No
Total Contributions, Application Fees, Investment Earnings, Participant Withdrawals, Payments for Month and Cumulatively for Plan Year for Each Investment Option	Partial
Assets in the Plan by Investment Option at the End of the Reporting Period and Cumulatively from the Beginning of the Plan Year	Partial
Reconciliation between Monthly Allocation of Investment Funds and Deposits of Each Investment Option	No
A statement of the rate of return for each Investment Option for the Month, Last Quarter, Last Year, and Last 3,5,10-years if applicable and compared to investment benchmarks	No
Total dollar amount under management for each investment option	Yes
Payout reports identified by participant.	No
Inter-fund transfers for each investment option and on an overall Plan basis: transfers from one investment option to another, contributions, expenses, and withdrawals for the month, last 3 months, last year compared to previous periods from the prior years.	Partial
Total recordkeeping/administrative, investment management, consulting, accounting and all other expenses paid for by the participants and the plan by month and cumulatively for the year, compared to the same periods from the prior year.	No
The number of pieces of mail returned for the month and cumulatively for the year compared to the previous periods from the prior year.	No

Source: ODCA analysis

Ascensus was also required per the contract to "provide the District with quarterly reports regarding marketing expenditures and activities for the previous quarter including copies of all promotional materials and advertisements. The report shall include performance analysis on selected campaigns and activities and a schedule of proposed marketing activities for the subsequent two (2) quarters."

While we found Ascensus provided the OCFO with quarterly marketing reports, none of the reports in our sample included all three requirements, as shown in Figure 25. One report did include, and two reports partially included, expenditures and activities for the previous year quarter, including copies of all promotional materials and advertisements. All reports included a performance analysis on selected campaigns, such as email metrics and web traffic. None of the reports included a schedule of the proposed marketing activities for the subsequent two quarters. There was no submission deadline for quarterly reports in the contract.

Figure 25: Quarterly Marketing Reports Compliance with Contract Requirements

Contract Requirements	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
"The Contractor shall provide the District with quarterly reports regarding marketing expenditures and activities for the previous quarter including copies of all promotional materials and advertisements."	Yes	Partial	Partial	No	No
Marketing Expenditures	Yes	No	No	No	No
Marketing Activities	Yes	Yes	No	No	No
Copies of Promotional Materials and Advertisements	Yes	Yes	Yes	No	No
"The report shall include performance analysis on selected campaigns and activities..."	Yes	Yes	Yes	Yes	Yes
"The report shall include...a schedule of proposed marketing activities for the subsequent two (2) quarters."	No	No	No	No	No
Quarterly report met all contract requirements?	No	No	No	No	No

Source: ODCA analysis

The contract also required Ascensus to submit an annual activity report that was a "cumulative plan-year statistical report...within ninety (90) days after the end of the plan year on September 30th."

Ascensus submitted all annual activity reports on time, though statistical information was lacking, as they only contained participant data (beginning and ending balance, contributions, etc.) which was not analyzed.

The OCFO did not ensure that the contract language reflected its reporting preferences for monthly and quarterly reports, nor ensure that the contract-required information was received in other reports.

OCFO staff pointed to the many contracts they review, and the large effort to update contract language from the request for proposals (RFP) language. The OCFO further explained the RFP language was copied to the contracts, regardless of whether the deliverables could be fulfilled, as OCFO wanted to retain the requirements in the language for future contractors and to ensure contracts were consistent with the RFP.

When new OCFO staff began overseeing this contract, they said they relied on training they received from their colleagues, rather than actually reviewing the contract and its required deliverables.

We noted the contract was not specific in describing the statistical information required for the annual activity report, making compliance more difficult.

The unmet report requirements resulted in the OCFO missing information needed for program oversight. For example, reporting on the reconciliation between the monthly allocation of investment funds and deposits, investment option rate of returns, and tracking of expenses paid for by participants and the Plan, were necessary for the OCFO's monitoring of the Administrative Fund.

Recommendation

11. The OCFO's D.C. 529 program Contract Administrator should ensure contract deliverables are submitted timely with all required information. The Contract Administrator should report noncompliance to the Contract Officer if the contractor fails to comply with contract terms.

Conclusion

The D.C. 529 program offers an opportunity for participants to save for educational expenses with the added benefits of tax advantages and investment returns. The program continues to see growth in participants and assets each year. While D.C.'s fees were comparable to other Ascensus-managed 529 programs, they were found to be higher when compared to 529 programs not managed by Ascensus.

Earlier this year the OCFO contracted with Ascensus for another five-year term as program manager. Though the OCFO had some processes in place for administration of the program, the OCFO should provide significantly stronger oversight of the Ascensus contract and more effective and economic administration of the program for the benefit of program participants. The OCFO should ensure that Ascensus complies with contract terms, and that the OCFO policies and procedures are designed to oversee program operations, particularly regarding the use of the Administrative Fund.

While the 2025 contract shows a lower program management fee of 0.23% from the previous 0.25%, the OCFO should regularly assess program fees to ensure participants are only charged the necessary amount, so their return on investment is maximized.

The OCFO stated that there is no longer a scholarship program, but if the OCFO decides to use the Administrative Fund to promote the 529 program in the future, they should ensure it is allowed per D.C. Code.

Summary of Report Recommendations

Our audit identified 11 recommendations that could improve operations at the Office of the Chief Financial Officer.

Findings	Recommendations
D.C.'s 529 program offered the investment options, website, and publication of investment performance required in the contract.	There are no recommendations for this finding.
D.C.'s 529 program Year of Enrollment portfolios generally performed below average compared to other states' Ascensus-managed programs.	There are no recommendations for this finding.
D.C.'s 529 program Bond Index and Principal Protected portfolios performed both above and below average compared to other states' Ascensus-managed programs at different time periods.	There are no recommendations for this finding.
D.C.'s 529 program fees were comparable to other Ascensus-managed programs.	There are no recommendations for this finding.
D.C.'s 529 program had a higher program management fee compared to 529 programs with different Program and Investment Managers.	There are no recommendations for this finding.
The OCFO did not ensure Ascensus provided a detailed breakdown of administrative costs in D.C. 529 program participants' quarterly statements, as the contract required.	**1.** The OCFO should require Ascensus to acquire capability to provide the administrative costs for all investments consistent with the contract.
The OCFO did not enforce the contract requirement that Ascensus provide annual financial statements and instead used the Administrative Fund to pay approximately $223,000 for the statements.	**2.** The OCFO should require Ascensus to reimburse the Administrative Fund $223,104, the cost of compiling the annual financial statements. **3.** The OCFO should require Ascensus to provide annual financial statements. **4.** The OCFO should update its D.C. 529 program standard operating procedures (SOPs) by removing "The annual preparation of the plan's financial statement and audit of the financial statements are paid from the administrative fund."

The OCFO permitted Ascensus to operate a scholarship program to promote the D.C. 529 program, spending $80,000 from the Administrative Fund and not ensuring the program's effectiveness.	**5.** The D.C. Council should determine whether scholarship awards are an acceptable use of the Administrative Fund and amend D.C. Code to clarify the definition of promotion of the Program.
The OCFO did not approve each scholarship withdrawal from the Administrative Fund as DCMR required.	**6.** The OCFO should update its 529 program standard operating procedures (SOPs) to include approval procedures for withdrawals from the Administrative Fund.
The Administrative Fund audited financial statements did not accurately report the dollar amount of scholarships awarded.	**7.** The OCFO should update its 529 program standard operating procedures (SOPs) to include a process for reviewing the accuracy of Administrative Fund deductions prior to publication of the audited financial statements.
Most professional fee expenditures for services to administer the D.C. 529 program charged to the Administrative Fund complied with legal requirements.	There are no recommendations for this finding.
The OCFO collected more fees than reasonably necessary to administer the D.C. 529 program, resulting in a 184% increase in the Administrative Fund balance from FY 2020 to FY 2024.	**8.** The OCFO should conduct and document an analysis of the reasonable fees needed to administer the Program, determine if the state and maintenance fees should be adjusted, and undertake such analysis at reasonable intervals.
The OCFO ensured that Ascensus provided contract deliverables for marketing the D.C. 529 program.	There are no recommendations for this finding.
The OCFO did not consistently, completely, and timely submit the annual D.C. 529 program report to the Council per D.C. Code.	**9.** The OCFO should update its 529 program standard operating procedures (SOPs) to comply with D.C. Code requirements to submit annual reports to the Council by May 31.
The OCFO did not ensure the D.C. 529 program Annual Stakeholders Report, required by the contract, was submitted on deadline or distributed to participants.	**10.** The OCFO should ensure that D.C. 529 program participants are notified of the Annual Report publications and the availability of reports online.
OCFO received monthly and year-end 529 program reports timely but did not adequately monitor Ascensus to ensure that monthly, quarterly, and year-end reports included required information.	**11.** The OCFO's D.C. 529 program Contract Administrator should ensure contract deliverables are submitted timely with all required information. The Contract Administrator should report noncompliance to the Contract Officer if the contractor fails to comply with contract terms.

Agency Comments

On September 15, 2025, we sent a draft copy of this report to the Office of the Chief Financial Officer (OCFO) for review and written comment. The OCFO responded with comments on October 3, 2025. Agency comments are included here in their entirety.

GOVERNMENT OF THE DISTRICT OF COLUMBIA
OFFICE OF THE CHIEF FINANCIAL OFFICER

Glen Lee
Chief Financial Officer

October 3, 2025

Kathleen Patterson
District of Columbia Auditor
Office of the District of Columbia Auditor
1331 Pennsylvania Ave, NW, Suite 800 South
Washington, DC 20004

Dear Ms. Patterson:

Please find attached the Office of the Chief Financial Officer's responses to the Draft Report of DC College Savings Plan (the Draft Report). If you have any questions or require additional information, please contact Ms. Carmen Pigler, Deputy CFO for the Office of Finance and Treasury at (202) 727-7209.

Sincerely,

Glen Lee

Enclosure

OCFO Response to ODCA Draft Report: More Oversight Needed on College Savings Program

The Office of Finance and Treasury (OFT), on behalf of the Office of the Chief Financial Officer (OCFO), has reviewed the Office of the District of Columbia Auditor (ODCA) Draft Report entitled **More Oversight Needed on College Savings Program** and provided responses to ODCA findings. The OCFO response to recommendations in the Draft Report includes corrective action items and completion dates where appropriate.

In connection with the discretionary audit of the DC 529 College Savings Plan (the Plan or 529 Program), ODCA reviewed materials prepared by the OCFO in response to the discretionary audit, as well as documents and records maintained by the OFT and Ascensus, the Plan administrator. ODCA conducted this discretionary audit to review the OCFO's administration and oversight of the 529 Program through its program management contract with Ascensus.

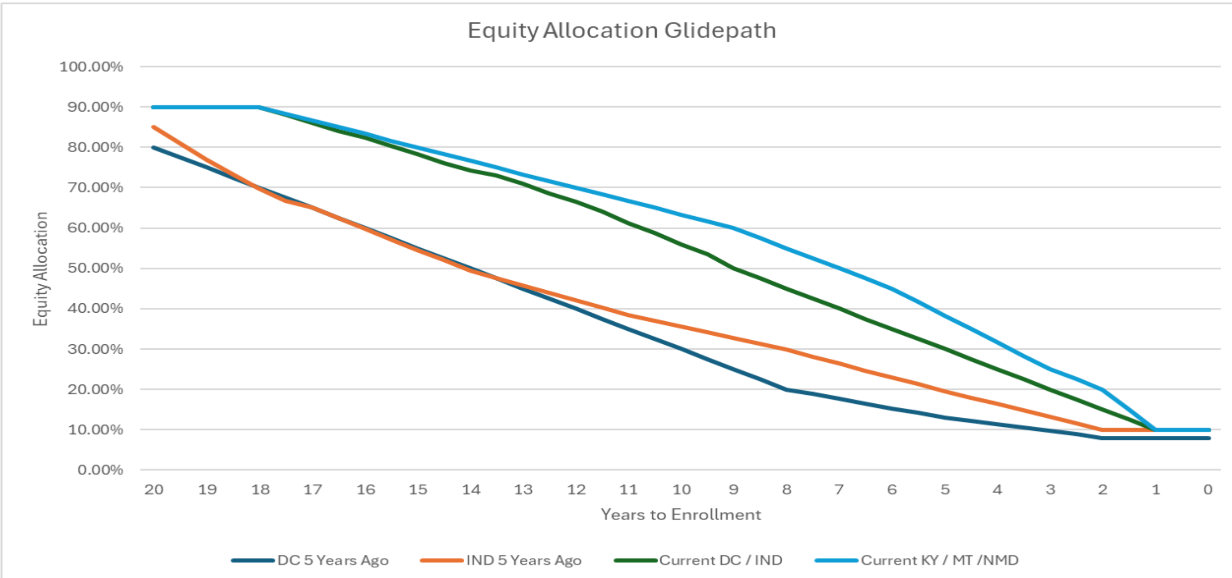
ODCA reviewed the Plan contract, reports and statements, investment reports, accounting statements, audit reports, and other documentation and material related to Plan administration, investment performance, marketing activities, fee structure, recording keeping, and scholarship program administration, prepared on a monthly, quarterly, and annual basis between fiscal years 2020 and 2024, maintained by OFT's Asset Management Group.

ODCA met with staff from the D.C. Council Committee on Economic and Business Development and community stakeholders, interviewed members of the OCFO Administrative Team who were responsible for program oversight, and key staff members from Ascensus, Meketa (plan investment consultant), and Bank of New York (trustee). ODCA's stated objective was to determine how effectively and economically OCFO has administered the District's 529 College Savings Program through its program management contract.

ODCA Finding: *D.C.'s 529 program Year of Enrollment portfolios generally performed below average compared to other states' Ascensus-managed programs.*

OCFO Response to ODCA Finding:

OCFO disagrees with this finding. There are a multitude of factors to consider when comparing Year of Enrollment (YOE) portfolio performance. The most impactful is the decision regarding equity exposure at each point along the glide path. As highlighted in the following graph, the District's YOE portfolios were conservatively positioned across the glidepath, with a lower allocation to equities versus its peers. In some cases, the magnitude of difference in equity allocation was substantial, with a more than 20-percentage point difference. This lower equity allocation diminished the District's YOE portfolios' relative performance for several years after inception. However, Ascensus Investment Advisors (AIA) redesigned the District's glidepath in 2021 to gradually increase equity levels over a three-year period for each vintage, the year a fund or portfolio was formed or began deploying capital. Since the completion of the transition in 2024, the performance has been more competitive with the other AIA YOE portfolios, especially in the longer dated portfolios with higher equity allocations.



Another factor is the Plan's funding agreement (principal protected portfolio design) with Ameritas, which predates Ascensus. The funding agreement with Ameritas was designed to protect principal and guarantee a minimum interest rate for the Plan's portfolio. The District's contract with Ameritas, which expires in April of 2027, limits AIA's ability to remove or blend the portfolio with another stable value product. The Ameritas funding agreement is relatively conservative when compared to other products used by AIA. In 2023 and 2024 the US bond market experienced the longest inverted yield curve in US history, that resulted in weaker performance for all funding agreements. While all funding agreements were impacted by the inverted yield curve, the conservative nature of the Ameritas funding agreement has constrained the Plan's performance relative to other AIA plans. Ascensus and OFT are working together to consider alternative options when the Ameritas funding agreement expires.

Concerning the bond index comparison, the Kentucky Bond Index Portfolio is very different from the other bond Index options used in the comparison, as it is a multi-asset class portfolio and not a stand-alone US Bond Index portfolio. Removing the Kentucky fund from the comparison shows the D.C. Bond Index Portfolio's performance is in-line with other plans.

Additionally, comparisons of portfolios with different inception dates can distort the results as some portfolios may have rolled further down the glidepath and been exposed to different market cycles. These types of differences in the glidepaths of Ascensus' clients are a leading contributor to the return differences. The attachment to OCFO's response provides additional performance information for various Ascensus clients.

ODCA Finding: *D.C.'s 529 program had a higher program management fee compared to 529 programs with different Program and Investment Managers.*

OCFO Response to ODCA Finding:
The Plan's Program Manager (PM) fee, 23bps, is competitive when compared to other Ascensus Government Services (AGS) managed plans. There are multiple factors that determine a PM fee, which include, but not limited to, assets under management, number of accounts, and services

provided. The discretionary audit did not consider all the factors contributing to the PM fee disparity, as the Draft Report does not provide peer insight.

ODCA Finding: *The OCFO did not ensure Ascensus provided a detailed breakdown of administrative costs in D.C. 529 program participants' quarterly statements, as the contract required.*

ODCA Recommendation 1:
The OCFO should require Ascensus to acquire capability to provide the administrative costs for all investments consistent with the contract.

OCFO Response to ODCA Recommendation:
OCFO disagrees with this finding. The 529 Plan fee disclosures are found in the Program Booklet. The disclosure details costs including underlying fund expenses, administration fees, and maintenance fees. The disclosure also includes investment cost tables showing estimated total fees over 1, 3, 5, and 10 years, based on a $10,000 investment growing at 5% annually. Participants can access this disclosure online. This is consistent with the fee disclosure AGS provides for all 529 plans it manages.

OFT will review the contract (CFOPD-17-C-003) with Ascensus and ensure all contract deliverables with respect to disclosing administrative costs are met by March 31, 2026.

ODCA Finding: *The OCFO did not enforce the contract requirement that Ascensus provide annual financial statements and instead used the Administrative Fund to pay approximately $223,000 for the statements.*

ODCA Recommendation 2*:*
The OCFO should require Ascensus to reimburse the Administrative Fund $223,104, the cost of compiling the annual financial statements.

ODCA Recommendation 3:
The OCFO should require Ascensus to provide annual financial statements.

ODCA Recommendation 4:
The OCFO should update its D.C. 529 program standard operating procedures (SOPs) by removing "The annual preparation of the plan's financial statement and audit of the financial statements are paid from the administrative fund."

OCFO Response to ODCA Finding:

OCFO disagrees with this finding and the recommendations. The contract requires Ascensus to provide unaudited financial statements which are compiled by the Plan trustee, Bank of New York (BNY) and independent accountant, IBS Management & Consultancy Services (IBS). The unaudited statements are then audited by the Plan's auditor, Watson Rice. OCFO's practice is to solicit third-party accounting and auditing services through a competitive process. This is the process used to procure accounting and auditing services for all the fiduciary programs under OFT's purview.

OFT will review the contract (CFOPD-17-C-003) with Ascensus and ensure all contract deliverables with respect to the preparation of unaudited financial statements and the audit of the 529 Plan are met by March 31, 2026.

ODCA Finding: *The OCFO permitted Ascensus to operate a scholarship program to promote the D.C. 529 program, spending $80,000 from the Administrative Fund and not ensuring the program's effectiveness.*

ODCA Recommendation 5*:*

The D.C. Council should determine whether scholarship awards are an acceptable use of the Administrative Fund and amend D.C. Code to clarify the definition of promotion of the program.

OFT Response to ODCA Recommendation:
OCFO agrees with this finding and recommendation. The Scholarship Program was terminated in July 2024. Any decision to implement a scholarship program in the future will include a cost benefit analysis.

ODCA Finding: *The OCFO did not approve each scholarship withdrawal from the Administrative Fund as DCMR required.*

ODCA Recommendation 6:
The OCFO should update its 529 program standard operating procedures (SOPs) to include approval procedures for withdrawals from the Administrative Fund.

OFT Response to ODCA Recommendation:
OCFO agrees with this recommendation. If the scholarship program is reconstituted in the future, OFT procedures will include defined requirements for withdrawals from the Administrative Fund for scholarship awards.

ODCA Finding: *The Administrative Fund audited financial statements did not accurately report the dollar amount of scholarships awarded.*

OCFO Response to ODCA Finding:
OCFO disagrees with this finding. The financial statements were prepared in accordance with Generally Accepted Accounting Principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB) and were audited under a risk-based approach. That approach considers significant balances and transactions, and whether any variances identified are significant enough to force an adjustment by management. The variances cited between Ascensus' ledger amounts and BNY's activity reports reflect timing and classification differences, which were identified by the financial statement auditors. Importantly, because of the insignificant nature of scholarships to the overall work of the auditor and the immaterial differences from the reconciliation, the independent auditor, Watson Rice, concluded that the statements were fairly stated in all material respects.

Measurement focus and basis of accounting were applied correctly: The Administrative Fund and Participant Fund are reported with an economic resources' measurement focus on an accrual basis. Under GASB guidance for voluntary nonexchange transactions (e.g., scholarships/grants), expenses are recognized when eligibility requirements are satisfied and the obligation becomes due and payable, not necessarily when a check or bank transfer occurs. Scholarships by GAAP policy are considered conditional (e.g., proof, acceptance, or compliance with program terms etc.). Until those conditions are met, no expense or liability is recorded. When conditions are satisfied, the expense is recognized. The policy of the OCFO and Ascensus has been that while an award has been communicated, the awardee must accept and register with the Ascensus' system, and that until such events occur the award is conditional.

The differences noted in ODCA Draft Report Figure 17: Figure 17 compares disbursements with audited GAAP amounts. These differences were communicated by Watson Rice in their workpaper analysis provided to ODCA and are primarily timing and classification differences. "Watson Rice did not detect the inaccurate reporting of scholarship deductions" is an inaccurate statement. Specific identification and/or explanations of the differences were provided including the Watson Rice's conclusion that these amounts were below the performance materiality threshold. Also, the statement "Watson Rice further explained that benefit plan-type payments are never accrued and that is compliant with GAAP" has not been accurately conveyed. ODCA questioned whether the financial statements were accrual-based because of unaccrued scholarship amounts. Watson Rice sent an email to Abigail Edwards on March 28, 2025, to clarify that these differences were immaterial and provided comments to ODCA for clarification regarding the intended objective of the financial statement and to clarify whether the financial statements were prepared in accordance with GAAP and accrual-based accounting. The example of distributions was cited to clarify to ODCA that financial statements were accrual based.

Materiality and risk-based audit approach: Watson Rice applied professional materiality thresholds and concluded that differences were not material to the financial statements and did not require adjustment. Under Generally Accepted Auditing Standards (GAAS), Generally Accepted Government Auditing Standards (GAGAS), and GASB, immaterial timing variances do not render the statements misleading. Moreso these differences reverse and are tracked through established reconciliations.

Management review and internal controls: OCFO maintains reconciliations of: (a) award authorizations, (b) eligibility confirmations, (c) general ledger recognition, (d) funding activity and (e) contracted accountant reconciliation and analysis. These reconciliations are prepared by IBS with the assistance of Ascensus and reviewed by various levels of authority within the OCFO structure before presented for audit. The cited variances were identified, supported, and determined immaterial by Watson Rice. OFT agrees that external readers may benefit from clearer explanatory language distinguishing awarded, recognized, and paid amounts; however, this is a disclosure clarity opportunity, not a GAAP noncompliance.

Public transparency: OCFO disagrees with the assertion that the public "could not obtain accurate information." The audited financial statements present scholarship expenses in accordance with GAAP. If a new scholarship program is implemented, OFT will instruct auditors to add supplementary schedules that bridge GAAP expenses to operational cash disbursements.

ODCA Recommendation 7:
The OCFO should update its 529 program standard operating procedures (SOPs) to include a process for reviewing the accuracy of Administrative Fund deductions prior to publication of the audited financial statements.

OCFO Response to ODCA Recommendation:
OCFO agrees with this recommendation. If the scholarship program is reconstructed, OFT SOPs for scholarship awards will include the following procedures:

- Reconcile, by fiscal year, (i) awards authorized, (ii) GAAP expenses recognized, (iii) cash disbursed for scholarships, (iv) cancellations – instances where the awardee decides not to accept the award or based on updated SOPs, the award is not claimed prior to deadline.
- Require OFT Associate Treasurer for Asset Management to confirm that audited variances are supported, immaterial, and reversing or otherwise classified.
- Include a concise disclosure footnote in the 529 Plan Annual Report clarifying the timing differences between GAAP recognition and cash disbursement for scholarship activity (without implying a cash-basis presentation).
- Where appropriate, include a supplementary (unaudited) schedule that displays the bridge between GAAP expense to cash paid for additional public clarity.

ODCA Finding: *The OCFO collected more fees than reasonably necessary to administer the D.C. 529 program, resulting in a 184% increase in the Administrative Fund balance from FY 2020 to FY 2024.*

ODCA Recommendation 8:
The OCFO should conduct and document an analysis of the reasonable fees needed to administer the program, determine if the state and maintenance fees should be adjusted, and undertake such analysis at reasonable intervals.

OFT Response to ODCA Recommendation:
OCFO agrees with this recommendation. OFT periodically reviews the underlying factors that contribute to administrative fees such as program manager fees, operating costs, and oversight requirements. As noted in ODCA findings, plan fees across states are approximately the same and the substantial increase in the Administrative Fund balance is due to the growth in the number of Plan participants and assets. Another factor in the increase in the Administrative Fund balance is asset appreciation due to favorable market conditions. The market is not a consideration for establishing the administrative fee. OFT believes it is best practice to keep administrative fees stable regardless of market conditions. OFT will continue to monitor the administrative fee.

ODCA Finding: *The OCFO did not consistently, completely, and timely submit the annual D.C. 529 program report to the Council per D.C. Code*

ODCA Recommendation 9:
The OCFO should update its 529 program standard operating procedures (SOPs) to comply with D.C. Code requirements to submit annual reports to the Council by May 31.

OFT Response to ODCA Recommendation:
OCFO agrees with this recommendation. OFT will update SOPs by February 1, 2026, and ensure conformity with D.C. Code requirements and the Fiscal Year 2025 report is submitted to Council by May 31, 2025.
ODCA Finding: *The OCFO did not ensure the D.C. 529 program Annual Stakeholders Report, required by the contract, was submitted on deadline or distributed to participants.*

ODCA Recommendation 10:
The OCFO should ensure that District's 529 Plan participants are notified of the Annual Report publications and the availability of reports online.

OCFO Response to ODCA Recommendation:
OCFO agrees with this recommendation. Annual Reports are available on the Plan website (https://www.dccollegesavings.com/). Beginning in June 2025, Plan participants are notified of the Annual Reports availability online in statements and quarterly emails.

ODCA Finding: *OCFO received monthly and year-end 529 program reports timely but did not adequately monitor Ascensus to ensure that monthly, quarterly, and year-end reports included required information.*

ODCA Recommendation 11:
The OCFO's D.C. 529 program Contract Administrator should ensure contract deliverables are submitted timely with all required information. The Contract Administrator should report noncompliance to the Contract Officer if the contractor fails to comply with contract terms.

OFT Response to ODCA Recommendation:
OCFO agrees with this recommendation. OFT will review the contract (CFOPD-17-C-003) with Ascensus and ensure all contract deliverables are met by March 31, 2026.

Attachment: Performance Comparisons as of June 30, 2025

	Fund Name	Equity Allocation as of	1 Month	3 Months	YTD	1 Year	3 Year	5 Year	10 Year	Inception	Inception Date
2042-2044	DC College Savings 2043 Portfolio	90.00%	3.91	9.53	9.09	14.82				16.62	07/07/23
	IND 2042 Enrollment Portfolio	88.00%	3.90	9.46	8.87	14.89				12.79	08/19/22
	MT 2044 Enrollment Portfolio	90.00%	4.01	9.89	9.78					8.90	10/25/24
	KY 2043 Enrollment Option	90.00%	4.11	9.71	9.00	14.87				16.09	07/07/23
	NMD 2042-2043 Portfolio	90.00%	4.14	9.95	10.04	15.46				18.04	08/25/23
	Average		4.01	9.71	9.36	15.01				14.49	
2039-2041	DC College Savings 2040 Portfolio	80.36%	3.62	8.75	8.47	13.99	14.71			5.90	11/19/21
	IND 2039 Enrollment Portfolio	76.15%	3.63	8.50	8.21	13.85	14.14			5.12	11/05/21
	MT 2041 Enrollment Portfolio	85.00%	3.89	9.41	9.31	14.70	14.40			6.03	08/09/21
	KY 2040 Enrollment Option	81.67%	3.80	8.87	8.28	13.97	14.09			9.87	08/14/20
	NMD 2040-2041 Portfolio	85.00%	4.05	9.57	9.66	15.07	14.84			6.20	08/27/21
	NMD 2038-2039 Portfolio	78.33%	3.75	8.86	9.15	14.34	14.07	11.52		9.51	12/06/19
	Average		3.79	8.99	8.85	14.32	14.38	11.52		7.11	
2036-2038	DC College Savings 2037 Portfolio	68.65%	3.25	7.70	7.77	12.93	12.84	10.26		9.00	09/06/19
	IND 2036 Enrollment Portfolio	64.00%	3.24	7.36	7.49	12.63	12.45	10.32		8.93	02/09/18
	MT 2038 Enrollment Portfolio	75.00%	3.47	8.39	8.58	13.44	12.96	10.87		12.23	04/27/20
	KY 2037 Enrollment Option	71.67%	3.46	7.98	7.71	13.06	12.77	10.43		8.76	02/22/19
	NMD 2036-2037 Portfolio	71.67%	3.52	8.22	8.66	13.61	13.17	11.00		9.04	12/06/19
	Average		3.39	7.93	8.04	13.13	12.84	10.58		9.59	
2033-2035	DC College Savings 2034 Portfolio	53.40%	2.76	6.28	6.77	11.30	10.85	8.38		7.81	03/24/17
	IND 2033 Enrollment Portfolio	47.50%	2.75	5.91	6.50	10.97	10.44	8.38		7.61	02/09/18
	MT 2035 Enrollment Portfolio	65.00%	3.15	7.43	7.83	12.30	11.73	9.70		10.92	04/27/20
	KY 2034 Enrollment Option	61.67%	3.13	7.10	7.10	12.08	11.26	9.12		7.83	02/22/19
	NMD 2034-2035 Portfolio	65.00%	3.22	7.53	8.05	12.78	12.31	10.21		8.45	12/06/19
	NMD 2032-2033 Portfolio	57.50%	2.97	6.86	7.54	12.04	11.50	9.44		7.89	12/06/19
	Average		3.00	6.85	7.30	11.91	11.35	9.21		8.42	
2030-2032	DC College Savings 2031 Portfolio	37.50%	2.24	4.90	5.75	9.73	8.85	6.59		6.56	03/24/17
	IND 2030 Enrollment Portfolio	32.50%	2.15	4.46	5.44	9.34	8.28	6.36		6.28	02/09/18
	MT 2032 Enrollment Portfolio	52.50%	2.71	6.27	6.90	10.91	10.34	8.50		9.57	04/27/20
	KY 2031 Enrollment Option	47.50%	2.69	5.82	6.12	10.65	9.82	7.66		6.89	02/22/19
	NMD 2030-2031 Portfolio	47.50%	2.65	5.89	6.81	10.99	10.41	8.55		7.22	12/06/19
	Average		2.49	5.47	6.20	10.32	9.54	7.53		7.30	
2027-2029	DC College Savings 2028 Portfolio	22.50%	1.54	3.40	4.32	7.65	6.68	4.72		5.19	03/24/17
	IND 2027 Enrollment Portfolio	17.50%	1.41	2.85	3.89	7.13	6.05	4.59		5.09	02/09/18
	MT 2029 Enrollment Portfolio	35.00%	2.11	4.67	5.55	8.99	8.34	7.01		7.94	04/27/20
	KY 2028 Enrollment Option	28.33%	2.01	4.09	4.94	8.87	7.82	6.08		5.72	02/22/19
	NMD 2028-2029 Portfolio	35.00%	2.24	4.74	5.92	9.78	9.06	7.54		6.42	12/06/19

	Fund Name	Equity Allocation as of	1 Month	3 Months	YTD	1 Year	3 Year	5 Year	10 Year	Inception	Inception Date
	NMD 2026-2027 Portfolio	22.50%	1.75	3.57	4.95	8.35	7.45	6.18		5.34	12/06/19
	Average		1.84	3.89	4.93	8.46	7.57	6.02		5.95	
2024-2026	DC College Savings 2025 Portfolio	10.00%	0.81	1.87	2.64	5.01	4.51	3.12		3.82	03/24/17
	MT 2026 Enrollment Portfolio	15.00%	1.21	2.69	3.81	6.37	5.62	4.82		5.57	04/27/20
	KY 2025 Enrollment Option	10.00%	1.08	2.25	3.38	6.82	5.81	4.32		4.42	02/22/19
	NMD 2024-2025 Portfolio	10.00%	1.05	2.12	3.39	6.38	5.58	4.62		4.10	12/06/19
	Average		1.04	2.23	3.31	6.15	5.38	4.22		4.48	
Enrollment	DC College Savings In College Portfolio	10.00%	0.79	1.83	2.65	4.75	4.12	3.04		3.02	03/24/17
	IND College Portfolio	10.00%	1.02	2.06	3.12	5.48	4.15	3.11		3.50	02/09/18
	MT College Age Portfolio	10.00%	0.95	2.09	3.07	5.29	4.15	2.91		3.09	04/27/20
	KY In School Enrollment Option	10.00%	1.08	2.19	3.40	6.30	5.05	2.96		3.11	02/22/19
	NMD Enrollment Portfolio	10.00%	1.04	2.19	3.37	6.00	4.46	2.69		2.80	12/06/19
	Average		0.98	2.07	3.12	5.56	4.39	2.94		3.10	
Capital Preservation	DC Principal Protected Portfolio		0.17	0.67	1.34	2.81	2.58	2.38		2.31	03/24/17
	IND Stable Value Portfolio		0.25	0.85	1.62	3.21	2.66	2.17		2.01	10/07/16
	MT Capital Preservation Portfolio		0.26	0.69	1.47	2.99	2.64	2.44		2.43	12/07/18
	KY Capital Preservation Option		0.43	1.20	2.34	4.80	4.44	2.84		2.63	02/22/19
	NMD Capital Preservation Portfolio		0.26	0.79	1.60	3.25	2.71	2.44		2.43	12/06/19
	Average		0.27	0.84	1.67	3.41	3.01	2.45		2.36	
Bond Index	DC U.S. Intermediate-Term Bond Index Portfolio		1.37	1.19	3.84	5.83	2.30	(0.98)		1.25	03/24/17
	IND Bond Index Portfolio		1.58	1.23	4.01	5.88	2.46	(0.87)	1.60	2.48	07/27/09
	MT Bond Index Portfolio		1.50	1.17	3.83	5.67	2.16	(1.26)		(0.97)	04/27/20
	KY Bond Index Option		1.37	1.74	3.64	6.62	3.09	0.18		1.67	02/22/19
	NMD Bond Index Portfolio		1.49	1.29	4.08	6.02	2.58	(0.80)		0.37	12/06/19
	Average		1.46	1.32	3.88	6.00	2.52	(0.75)		0.96	

ODCA Response to Agency Comments

We appreciate the OCFO's comments on the draft report and are pleased with the agency's concurrence with, and plans to implement, many of our recommendations. We are glad to see the OCFO's responses noting that they will review the contract and ensure that all deliverables are met, and update program SOPs.

As a result of the OCFO's comments and supporting documentation provided, ODCA made some revisions to the report. These revisions included an update to our Methodology to specify the use of direct-sold plans in the benchmarking comparison and that our average calculations did not include D.C., a new sentence to inform readers of a hypothetical investment cost chart in the D.C. 529 program disclosure booklet, and a new sentence that states a detailed fee breakdown could not be found for other 529 programs. We also deleted sentences regarding one scholarship winner receiving a larger award amount than intended based on updated information the OCFO provided.

The OCFO's response stated that its practice is "to solicit third-party accounting and auditing services through a competitive process" and that this same process is used "to procure accounting and auditing services for all the fiduciary programs under OFT's purview." This statement indicates to ODCA that other contracts under the OFT's purview may also need to be reviewed to ensure that accounting and auditing contract deliverables are being met by the contractor and not paid for by the OCFO and/or participants.

We appreciate the additional context that the OCFO provided on equity allocation in the portfolio glidepaths. We agree that it is a factor when considering portfolio performance and acknowledge that investment performance comparison is complex.

We thank the OCFO for its efforts and collaboration during this audit.

Appendices

Appendix A

Average Annual Returns for Ascensus-Managed Year of Enrollment Portfolios

Figure 26: Average Annual Returns for 2024–2026 Target Year Portfolios

Program	Target Year Portfolio	1-year	3-year	5-year	10-year	Since Inception	Inception Date
DC	**2025**	**8.32%**	**1.50%**	**3.23%**	**N/A**	**3.84%**	**3/24/2017**
Indiana*	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Kentucky	2025	11.27%	2.01%	4.10%	N/A	4.42%	2/22/2019
Montana	2026	11.04%	1.92%	N/A	N/A	5.84%	4/27/2020
New Mexico	2024–2025	11.16%	1.61%	N/A	N/A	4.13%	12/6/2019
Average:		**11.16%**	**1.85%**	**4.10%**	**N/A**	**4.80%**	

***Indiana's earliest available portfolio was 2027. Source: ODCA analysis of program websites. Note: N/A indicates data was not available due to inception date.**

Figure 27: Average Annual Returns for 2027–2029 Target Year Portfolios

Program	Target Year Portfolio	1-year	3-year	5-year	10-year	Since Inception	Inception Date
DC	**2028**	**13.87%**	**2.53%**	**4.72%**	**N/A**	**5.26%**	**3/24/2017**
Indiana	2027	12.99%	1.52%	4.94%	N/A	5.20%	2/9/2018
Kentucky	2028	15.81%	3.10%	5.65%	N/A	5.78%	2/22/2019
Montana	2029	16.29%	3.38%	N/A	N/A	8.33%	4/27/2020
New Mexico	2028–2029	17.94%	3.65%	N/A	N/A	6.49%	12/6/2019
Average:		**15.76%**	**2.91%**	**5.30%**	**N/A**	**6.45%**	

Source: ODCA analysis of program websites. Note: N/A indicates data was not available due to inception date.

Figure 28: Average Annual Returns for 2030–2032 Target Year Portfolios

Program	Target Year Portfolio	1-year	3-year	5-year	10-year	Since Inception	Inception Date
DC	**2031**	**18.08%**	**3.69%**	**6.31%**	**N/A**	**6.63%**	**3/24/2017**
Indiana	2030	17.86%	2.77%	6.54%	N/A	6.41%	2/9/2018
Kentucky	2031	19.46%	4.12%	6.93%	N/A	6.92%	2/22/2019
Montana	2032	19.95%	4.37%	N/A	N/A	9.98%	4/27/2020
New Mexico	2030–2031	20.34%	4.40%	N/A	N/A	7.27%	12/6/2019
Average:		**19.40%**	**3.92%**	**6.74%**	**N/A**	**7.65%**	

Source: ODCA analysis of program websites. Note: N/A indicates data was not available due to inception date.

Figure 29: Average Annual Returns for 2033–2035 Target Year Portfolios

Program	Target Year Portfolio	1-year	3-year	5-year	10-year	Since Inception	Inception Date
DC	**2034**	**21.58%**	**4.77%**	**7.75%**	**N/A**	**7.88%**	**3/24/2017**
Indiana	2033	21.56%	4.09%	8.25%	N/A	7.74%	2/9/2018
Kentucky	2034	22.18%	4.79%	7.95%	N/A	7.84%	2/22/2019
Montana	2035	22.64%	5.01%	N/A	N/A	11.39%	4/27/2020
New Mexico	2034–2035	23.85%	5.34%	N/A	N/A	8.48%	12/6/2019
Average:		**22.56%**	**4.81%**	**8.10%**	**N/A**	**8.86%**	

Source: ODCA analysis of program websites. Note: N/A indicates data was not available due to inception date.

Figure 30: Average Annual Returns for 2036 - 2038 Target Year Portfolios

Program	Target Year Portfolio	1-year	3-year	5-year	10-year	Since Inception	Inception Date
DC	**2037**	**25.10%**	**5.94%**	**9.19%**	**N/A**	**9.10%**	**9/6/2019**
Indiana	2036	24.79%	5.44%	9.89%	N/A	9.04%	2/9/2018
Kentucky	2037	24.82%	5.50%	9.03%	N/A	8.80%	2/22/2019
Montana	2038	25.20%	5.54%	N/A	N/A	12.82%	4/27/2020
New Mexico	2036–2037	25.45%	5.71%	N/A	N/A	9.05%	12/6/2019
Average:		**25.07%**	**5.55%**	**9.46%**	**N/A**	**9.93%**	

Source: ODCA analysis of program websites. Note: N/A indicates data was not available due to inception date.

Figure 31: Average Annual Returns for 2039–2041 Target Year Portfolios

Program	Target Year Portfolio	1-year	3-year	5-year	10-year	Since Inception	Inception Date
DC	**2040**	**28.17%**	**N/A**	**N/A**	**N/A**	**5.03%**	**11/19/2021**
Indiana	2039	27.38%	N/A	N/A	N/A	4.17%	11/5/2021
Kentucky	2040	27.52%	6.20%	N/A	N/A	10.01%	8/14/2020
Montana	2041	28.23%	6.36%	N/A	N/A	5.18%	8/9/2021
New Mexico	2040–2041	28.76%	6.69%	N/A	N/A	5.29%	8/27/2021
Average:		**27.97%**	**6.42%**	**N/A**	**N/A**	**6.16%**	

Source: ODCA analysis of program websites. Note: N/A indicates data was not available due to inception date.

Figure 32: Average Annual Returns for 2042–2044 Target Year Portfolios

Program	Target Year Portfolio	1-year	3-year	5-year	10-year	Since Inception	Inception Date
DC	**2043**	**29.27%**	**N/A**	**N/A**	**N/A**	**20.88%**	**7/7/2023**
Indiana	2042	29.15%	N/A	N/A	N/A	13.86%	8/19/2022
Kentucky	2043	28.41%	N/A	N/A	N/A	20.03%	7/7/2023
Montana	2044	N/A	N/A	N/A	N/A	N/A	10/25/2024
New Mexico	2042–2043	29.04%	N/A	N/A	N/A	23.57%	8/25/2023
Average:		**28.87%**	**N/A**	**N/A**	**N/A**	**19.15%**	

Source: ODCA analysis of program websites. Note: N/A indicates data was not available due to inception date.

Appendix B

Utah my529 Financial Statement Snippets

Figure 33: Utah my529 Program Financial Statement Snippet of Separate Funds and Definitions

Fiduciary net position is held for three separate funds as follows:

Program Fund – All moneys invested by Account Owners in my529 are accounted for in the Program Fund. The moneys are intended to be used by the Account Owners to pay qualified higher educational expenses on behalf of designated beneficiaries. Fiduciary net position of the Program Fund at June 30, 2021, was $20,071,958,329.

Endowment Fund – The Endowment Fund may be used to enhance the savings of low income Account Owners, to fund scholarships, to offer other college savings incentives or to be transferred to the Administrative Fund. Endowment Fund earnings not accruing to a beneficiary under an account agreement or not transferred to the Administrative Fund shall be reinvested in the Endowment Fund. The Endowment Fund had a fiduciary net position of $106,075,579 at June 30, 2021.

Administrative Fund – Funds generated by fees on Account Owner investments are maintained in the Administrative Fund for the purpose of paying operating costs associated with administering my529. As of June 30, 2021, the Administrative Fund had a fiduciary net position of $9,389,992.

Source: Utah my529 Financial Statements and Government Auditing Standards Report For the Year Ended June 30, 2021

Figure 34: Utah my529 Program Financial Statement Snippet with Scholarship Line Item

UTAH EDUCATIONAL SAVINGS PLAN
DBA my529
Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2021

ADDITIONS	
Program investments (Note 5)	$ 1,571,335,342
Interest and dividends (Note 2)	302,009,254
Net increase in fair value of investments (Note 2)	3,673,851,142
TOTAL ADDITIONS	5,547,195,738
DEDUCTIONS	
Withdrawals (Note 5)	788,972,428
Administrative and support services (Note 6)	13,274,571
Low Income Program / Scholarship	197,500
TOTAL DEDUCTIONS	802,444,499
CHANGES IN FIDUCIARY NET POSITION	4,744,751,239
FIDUCIARY NET POSITION - Beginning of Year	15,442,672,661
FIDUCIARY NET POSITION - End of Year	$ 20,187,423,900

The accompanying notes are an integral part of these financial statements.

Source: Utah my529 Financial Statements and Government Auditing Standards Report For the Year Ended June 30, 2021

Appendix C

D.C. 529 Program Administrative Fund Balance FY 2019-FY 2024

Figure 35: D.C. 529 Administrative Fund Balance FY 2019–FY 2024

	FY 2019	FY 2020	% Change (FY 2019–2020)	FY 2021	% Change (FY 2020–2021)	FY 2022	% Change (FY 2021–2022)	FY 2023	% Change (FY 2022–2023)	FY 2024	% Change (FY 2023–2024)
Beginning of Year Balance	**$705,100**	**$592,628**	**-16%**	**$695,701**	**17%**	**$908,347**	**31%**	**$1,187,355**	**31%**	**$1,529,097**	**29%**
End of Year Balance	**$592,628**	**$695,701**	**17%**	**$908,347**	**31%**	**$1,187,355**	**31%**	**$1,529,097**	**29%**	**$1,973,888**	**29%**
Change in Net Position (End minus Beginning)	-$112,472	$103,073	-192%	$212,646	106%	$279,008	31%	$341,742	22%	$444,791	30%
Administrative (State) Fees (0.05%)	$324,053	$374,729	16%	$476,648	27%	$518,906	9%	$535,872	3%	$637,531	19%
Maintenance Fees	$16,335	$17,651	8%	$17,092	-3%	$17,039	0%	$18,336	8%	$17,424	-5%
Contributions	$0	$0	*	$0	*	$72,000	*	$0	-100%	$12,000	*
Net Investment Income	$15,087	$6,357	-58%	$729	-89%	$8,836	1112%	$57,655	553%	$89,275	55%
Total Additions	**$355,475**	**$398,737**	**12%**	**$494,469**	**24%**	**$616,781**	**25%**	**$611,863**	**-1%**	**$756,230**	**24%**
Professional Fees**	$281,981	$259,164	-8%	$257,823	-1%	$265,773	3%	$265,121	0%	$212,673	-20%
Donations (Scholarships)	$16,500	$36,500	121%	$24,000	-34%	$72,000	200%	$5,000	-93%	$15,500	210%
Administrative Salaries	$169,466	$0	-100%	$0	*	$56,280	*	$0	*	$83,266	*
Total Deductions	**$467,947**	**$295,664**	**-37%**	**281,823**	**-5%**	**$337,773**	**20%**	**$270,121**	**-20%**	**$311,439**	**15%**

***Could not determine. **For FY 2020 and FY 2021, the Professional Fees line item is referred to as "Administrative Services."**
Source: ODCA analysis of D.C. 529 program Audited Financial Statements

About ODCA

The mission of the Office of the District of Columbia Auditor (ODCA) is to support the Council of the District of Columbia by making sound recommendations that improve the effectiveness, efficiency, and accountability of the District government.

To fulfill our mission, we conduct performance audits, non-audit reviews, and revenue certifications. The residents of the District of Columbia are one of our primary customers and we strive to keep the residents of the District of Columbia informed on how their government is operating and how their tax money is being spent.

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