



The State of Baby Bonds

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Baby bonds are universal, publicly funded child trust accounts. When recipients reach adulthood, they can use the funds for wealth-building activities such as purchasing a home or starting a small business (Markoff et al. 2022). According to economist Darrick Hamilton, baby bonds should provide “an economic birthright to capital” to all children, with children from households with the lowest wealth receiving the largest endowments (Hamilton and Darity 2010). Baby bonds are intended to decrease wealth inequities—and specifically close racial wealth disparities, given that Black, Latinx, and Indigenous children are more likely to belong to lower-wealth households as a result of structural racism (Kijakazi et al. 2019). Adjusting some key components of baby bonds’ policy design would make it more likely for them to deliver on this promise. In this brief, we revisit the policy as originally proposed, provide a legislative update, and offer a series of guideposts to help practitioners determine whether baby bonds are right for them.

In early 2022, following the passage of baby bonds legislation in Connecticut and Washington, DC, and the introduction of legislation in a handful of other states, the Urban Institute launched a community of learning around baby bonds. We hosted a private roundtable for representatives from state treasurer’s and legislative offices who were writing, considering, or implementing baby bonds legislation. We later held a public event contextualizing baby bonds within other wealth-building policies. Through these engagements, participants surfaced barriers to and facilitators of designing and implementing baby bonds legislation. The purpose of this brief is to share those learnings, provide a legislative update on baby bonds

policies across the country, and highlight evidence-based policy features that are most likely to make baby bonds programs effective in shrinking racial wealth inequities.

The Growing Racial Wealth Gap and the Need for Baby Bonds

Racial wealth disparities can be linked to historic inequities and accumulate over time. After reaching all-time lows in the 1970s, wealth inequalities have been increasing steadily since the 1980s. In 2019, the median white household had eight times the wealth of the median Black household and five times that of the median Latinx household.¹ For young people, disparities are even greater. One study estimated that young white Americans hold 16 times the wealth of young Black Americans² at the median (\$46,000 versus \$2,900; Zewde 2020).

Baby bonds are universal, publicly funded child trust accounts. When recipients reach adulthood, they can use the funds for wealth-building activities such as purchasing a home or starting a small business. Many leaders and state governments are currently considering this novel policy idea as a solution to grow wealth among residents and decrease racial wealth inequities. A 2020 simulation of baby bonds found that a national policy instituting them could reduce the wealth disparity between young white and Black Americans to a ratio of 1:4 (\$79,143 versus \$57,845), absent intervening behavioral responses to the policy, such as saving (Zewde 2020). Further, given that more than half of Black Americans report that they are unlikely to be able to obtain \$3,000 from a friend or family in a financial emergency (because those sources do not have money to loan) and half of Black households have a net worth less than \$24,100, baby bonds with substantial endowments could provide most families with life-changing resources that promote greater economic security (Darity, Mullen, and Slaughter 2022). Closing the racial wealth gap completely at the mean would cost \$14.3 trillion at a minimum and require a per capita transfer of \$358,300; figures that are out of the scope of any current baby bond or wealth-building proposal (Darity, Mullen, and Slaughter 2022). Nonetheless, current momentum around baby bonds provides a window of opportunity to build upon existing wealth-building policies and programs.

BOX 1

Key Definitions

- **Income** is money that comes from employment, Social Security, and other sources.
- **Wealth** or net worth is an individual or family's total assets (i.e., savings, property, investments) minus total liabilities (i.e., debt).

Policy Landscape

Baby bonds were designed in the context of a rich body of evidence that demonstrates positive impacts on wealth of early investments for children and long-term savings accounts. Below, we summarize key policies that contain similar elements to baby bonds, including evidence from evaluations of these policies as they were implemented. At conception, many of these policies shared goals with baby bonds of creating inclusive, progressive, lifelong asset-building pathways to reduce racial inequalities. Baby bonds need not replace any of these policies. Rather, policymakers and researchers can focus on the key elements of wealth-building policies that have been studied, examine the core components of baby bonds we outline in the next section, and combine them to design holistic programs that tackle racial wealth inequities.

- Introduced in the 1990s, matched savings accounts—called individual development accounts, or IDAs—provide an accessible asset-building pathway for low-income families and have shifted the policy landscape. Previously, families with low incomes were offered consumption and income supports, while families with higher incomes were offered tax breaks for asset-building purposes, which only exacerbated existing inequalities (Sherraden 2016). The Assets for Independence program, authorized by Congress in 1998, funded IDAs that matched personal savings for assets such as a first home, capital to start a business, or higher education and training. Longitudinal experimental research on individual development accounts demonstrated that Assets for Independence decreased material hardships (e.g., experiencing a medical hardship where one cannot afford to see a doctor), increased participants' savings, increased homeownership among renters by 52 percent, and increased business ownership among non-business owners by 53 percent (McKernan et al. 2020). Though IDAs promote economic well-being among people with low incomes, evidence has not yet shown a significant increase in net worth among participants (Grinstein-Weiss et al. 2012). Further, no evidence to our knowledge shows that they reduce racial wealth inequities.
- In tax policy, 529 college savings plans, which provide tax credits to families who save for their children's education, became popular for higher education in the late 1990s and early 2000s. Such plans are currently offered in every state in the US, but they require personal savings and individuals must enroll in most cases, so in practice they mostly serve families with higher incomes and have not contributed to large shifts in racial wealth inequities. Only 3 percent of all households—but 20 percent of households earning more than \$500,000—hold 529 accounts.³
- Child development accounts⁴ build on college savings accounts—and in some cases use the 529 vehicle—but automatically enroll families. Seven states have passed legislation to enroll all newborns in a state account with an opening deposit (Huang et al. 2021). Longitudinal experimental research on child development accounts demonstrates that an investment of \$1,000 at birth has both financial and nonfinancial impacts (Huang et al. 2021). The nonfinancial benefits include sustaining high parental expectations about children's education, reducing the intensity of maternal depression, reducing punitive parenting practices, and improving children's early social and emotional development. Other qualitative and quasi-

experimental research also points to the development of a college-going identity, more concrete communication about postsecondary plans between caregiver and child, and greater hope for the future (Blumenthal and Shanks 2019). But child development account programs still limit uses to higher education, preventing participants from investing in other evidence-based asset-building activities like retirement accounts, small-business investment, or homeownership.

Baby bonds—by automatically enrolling children, not relying on family contributions, providing seed funding, and expanding beyond education for allowable uses—add to the wealth-building policy landscape in ways that show promise in moving the needle on racial inequities.

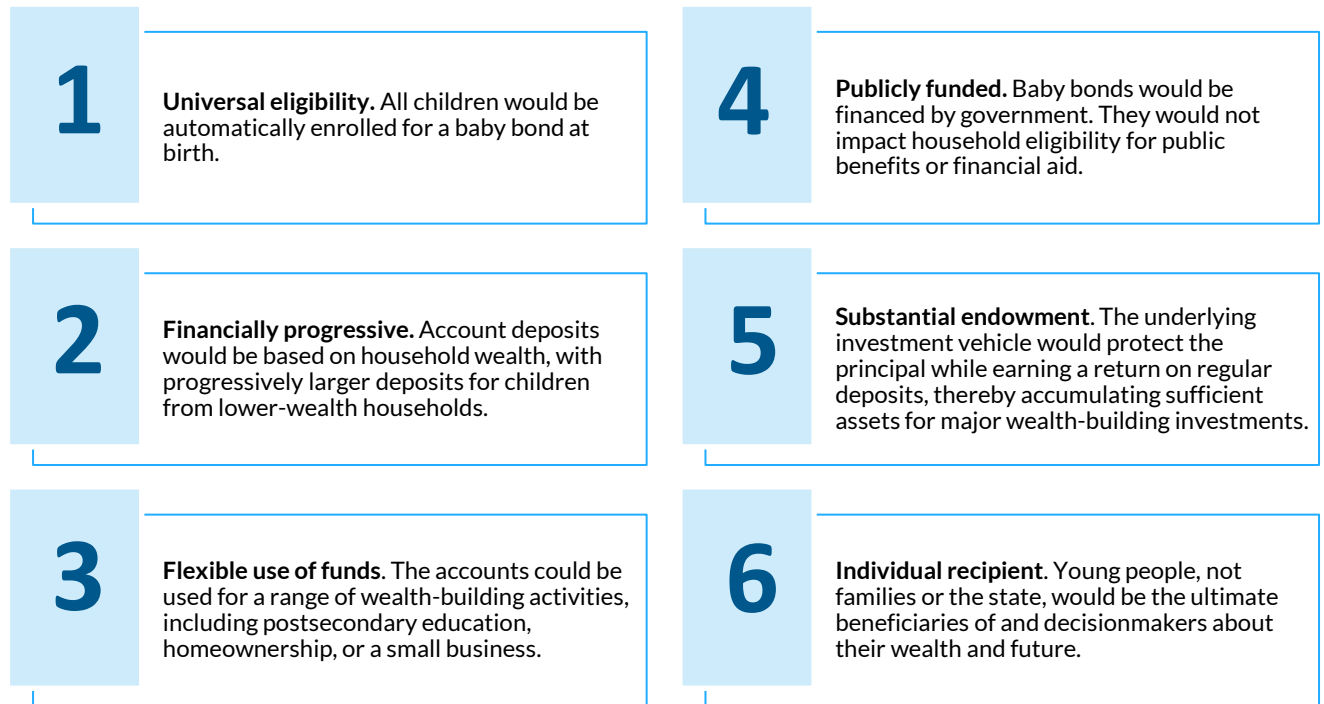
Recognizing this promise, Senator Cory Booker (D-NJ) introduced the American Opportunity Accounts Act (S. 2231)⁵ in 2018, which required federally funded and managed savings accounts (American Opportunity Accounts) to be established for American children under age 18. In 2021, Senators Booker and Ayanna Pressley (D-MA) reintroduced the bill, and Connecticut and the District of Columbia passed legislation creating baby bonds in their jurisdictions. Eight additional states across the country introduced baby bonds legislation in 2022 or 2023. But for the policy to live up to its promises, it must maintain fidelity to the key principles outlined in the next section.

Key Components of Baby Bonds

Six components are necessary for baby bonds to live up to their promise of meaningfully closing racial wealth inequities. Detailed below, these components come from the original design (Hamilton and Darity 2010) of the policy and further explanations (Markoff et al. 2022). Notably, the original policy was conceived at the federal level. Even though states will have legitimate practical adaptations based on their levers of control—such as funding source and enrollment mechanism—the importance of the core components as guideposts remains. Building on what the field learned about wealth-building policies and about racial wealth inequities, baby bonds were designed to reinforce the ability of existing policies, such as those listed in the previous section, to reduce racial inequities. Baby bonds programs, therefore, should be grounded in those principles. As we see in treasurer’s offices across the country, the vehicles through which jurisdictions achieve policies with these principles may vary, but fidelity to these principles ensures the highest chance at reducing racial wealth inequities.

FIGURE 1

Key Components of Baby Bonds



Source: Authors' analysis of baby bond literature.

Universal Eligibility

The Baby Bonds program, as originally designed (Hamilton and Darity 2010), is for *all* children born in the US. Just as all Americans should have access to Social Security income in retirement, so too should young adults be equipped with—as Darrick Hamilton describes—an “economic birthright to capital” that can be used in adulthood for wealth-building endeavors (Brown and Harvey 2022). Although all children should be eligible, the deposit amounts would vary, with children from lower-wealth families receiving larger amounts (see the next component, Financially Progressive).

The program was also conceptualized⁶ to automatically enroll children at birth—in other words, to maximize inclusivity. Automatic enrollment ensures children do not miss out because families are unaware of the program or choose not to sign up because of administrative burden or other factors. Complicated application procedures have deterred many eligible families from signing up for other programs, such as the Supplemental Nutrition Assistance Program.⁷

Financially Progressive

Though it is important that all children born are automatically enrolled for a baby bond at birth, addressing racial wealth inequities requires that children from the lowest-wealth households receive higher seed fund amounts than children from higher-wealth households. A one-size-fits all account

might increase the average net worth of the next generation, but it would only perpetuate the racial inequities we see today. Literature reviews of various children’s savings accounts and IDA programs find that, overall, these programs increase savings among participants, and they may even increase the likelihood that participants attend and complete college, but researchers have not determined they have an impact on racial wealth inequities (Butrica et al. 2020). The baby bonds proposal as conceptualized emphasizes that progressivity should be based on familial wealth, though wealth measures are not as readily available as income, so most proposals use income.

How much account sizes should vary and for whom depends on the specific scale of racial wealth inequities in any implementing jurisdiction. Research shows that at the median, white families have eight times more wealth than Black families and five times the wealth of Latinx families. Similarly, young white adults ages 18 to 24 have 16 times the median wealth of Black young adults (Zewde 2020). White families are five times more likely to receive large gifts and inheritances than Black and Latinx families, and Black and Latinx families receive smaller amounts when they do. Therefore, to adequately address these inequities, baby bond endowments need to be financially progressive.

Flexible Use of Funds

Upon reaching adulthood, baby bond recipients can access the account and use the funds for activities that can grow their wealth and help them avoid debt. Because this policy is designed to help reduce racial wealth inequities, the funds should be used to purchase or invest in resources that will appreciate over time and generate wealth (Markoff et al. 2022). These investments may include higher education, retirement, real estate, and business ownership (among other possibilities).

Although baby bonds were designed to be used for wealth-building activities, some flexibility in that list of activities is necessary, because not all investments have the same returns for all people. For example, although lifetime earnings returns are well studied for college degrees, these returns vary by race and gender. The college premium for white women in 2010 was 26 percent (meaning they were earning, at the mean, 26 percent more than they would have if they had not gone to college) but only 19 percent for Black women. The race difference in college premium was smaller for men, at 15 percent for white men and 11 percent for Black men (Cosic 2019). These and other disparities in returns on investment across race and gender underscore the importance for some flexibility in uses while maintaining a general structure toward wealth-building activities. Given the focus on wealth building, it is also important that baby bonds exist within a context of other policies that support the immediate economic well-being of recipients and their families, including robust safety net programs and income supports (Markoff et al. 2022).

Publicly Funded

Because of administrative and economic realities surrounding racial wealth inequities, the baby bonds program is designed to be publicly funded.

On the administrative side, governments and their philanthropic partners, compared with private entities, have larger budgets to cover the costs associated with the program. Public agencies also have better access to administrative records to determine eligibility. Much like the Social Security movement argued in the 1930s,⁸ the Baby Bonds program advocates for a government-funded and operated common funding source out of which contributions will be paid to those most in need of wealth. Compared with states, the federal government has a larger budget and would be the ideal source of funding for baby bonds, allowing more children to be covered and larger endowments. It is worth noting that many states have elected an omnibus account structure rather than individual accounts. Further, wealth is a component of financial security,⁹ and given data on racial wealth inequities, it is both costly as a society to take an individualistic approach and unrealistic to assume that all families will be able to overcome generations of racist policies and hand down wealth to their children that will protect them from economic shocks. Research (Darity et al. 2018) has demonstrated that racial wealth disparities cannot be adequately explained by differences in income, education, or savings rates; rather, they are the consequence of 400 years of policy, practice, and violence blocking and stripping wealth from people of color. Policies should thus not rely on family contributions to grow to a substantial amount, especially given day-to-day economic demands on families. Some states, like Connecticut, are also exploring adding philanthropic dollars to their baby bonds programs.

Some states do allow for family contributions in their legislation, and we do not have enough evidence to suggest that allowing contributions changes the outcome of the policy, so long as family contributions are not relied upon as any significant portion of the overall value of the account.

Substantial Endowment

To significantly move the needle on the racial wealth gap, baby trust accounts must accumulate a balance sufficient to meaningfully expand a person's life opportunities in young adulthood. A reasonable minimum balance depends on the jurisdiction, but it should be targeted toward key sums such as the median local down payment, one or two years of in-state tuition, or business startup costs. Financial professionals can model the necessary seed deposit, annual deposits, and rates of return needed to reach this target balance, as well as the appropriate phasing based on household wealth. Other costs that affect accumulation include recordkeeping expenses, which can be limited by state statute. States could consider economizing on recordkeeping costs by contracting with a single fund administrator between multiple states.

One of the benefits of state baby bonds programs is that in most cases states will not have to disburse funds to recipients for at least 18 years (California is the exception, because they plan to enroll children and young people, not only newborns). This gives states time to select financial vehicles that allow baby trust accounts to reach their target balance and to course correct if investments are not meeting expectations (though some states, based on their proposals, will make annual contributions throughout the 18 years). Possible models from retirement- and education-specific investments include target-date funds in retirement accounts and 529 college savings plans, both of which allow for higher rates of annual return than bonds alone, which historically have a lower rate of return than stocks.¹⁰

States such as Washington are considering amending their constitutions to allow the state to invest pooled funds in more aggressive investments than bonds, which may make it more likely that baby trust accounts to reach their target balance at withdrawal.

Target-date funds have been a population investment vehicle in many retirement savings plans and have some features that may serve the goals of baby bonds programs.¹¹ The time horizon that money will be invested in target-date funds is usually fixed, because employees will withdraw their retirement savings once they reach their retirement ages. Similarly, the time horizon for investment in baby bonds programs is also fixed, because money will be distributed to beneficiaries once they reach young adulthood (age 18 in most current legislative proposals, with exceptions before 18 for some educational expenses). Baby bonds programs can follow the investment path in most target-date funds, which consist of a diversified portfolio of stocks and bonds. Moreover, target-date funds invest more in relatively risky products such as stocks to grow returns when the account first opens. Over time, the investment strategy becomes more conservative by increasing the investment in bonds to ensure beneficiaries receive a sizeable amount of savings.

Fiscal sustainability is essential for baby bond accounts to build sufficient balances. States could strengthen the case for ongoing dedicated funding for baby trust accounts by commissioning fiscal impact analyses that project how baby bonds programs could lead to savings for social safety net programs, because more baby bond account holders would be financially independent because of the program. Compared with the cost of doing nothing, these analyses of state-facilitated programs that expand access to retirement savings accounts have been shown to save states tens of millions of dollars.¹²

Individual Recipient

One benefit of wealth that comes from baby bonds is that young people will grow up knowing they have resources being set aside for them that they can choose how to use in adulthood. Rather than being dependent on their family's resources and choices or being mandated to use their funds in specific ways, young people will be the ultimate beneficiaries and decisionmakers about their wealth and future. The benefits of such a structure were observed in programs like the 1944 GI bill, which offered young adults their own choice between opportunities such as getting an education, purchasing a home, and starting a family (Mettler 2005; Skocpol 1997). The goal is to create clear pathways to opportunity that are not limited by one's family or social class. Importantly, for the knowledge of these accounts to positively impact young people, there must be regular access to and safe management of individual family data so recipients know they are eligible and that leaders and partners can be in regular relationship with the family and young person over the years.

Ideally, young recipients will have access to good information and coaches as they navigate choosing to use their endowments for postsecondary education, homeownership, business startups, or other priorities. States have begun creating ways to ensure these resources are available to guard against predation and support young people. Some families might choose to pool resources—such as 529 and baby bond accounts—to make collective plans. But ultimately, young people can follow their

interests, dreams, and passions, choosing how to enter and contribute to society without being limited by what they can afford or having to start life hampered by staggering debt.

Legislative Progress

In 2018, Senator Cory Booker (D-NJ) introduced legislation (S. 2231) to create a federal baby bonds program, with the amount of the endowment based on income rather than wealth.¹³ Senators Booker (D-NJ) and Ayanna Pressley (D-MA) reintroduced federal legislation in January 2021, following a letter¹⁴ they wrote to the Biden administration urging them to include the American Opportunity Accounts Act in the upcoming federal COVID-19 economic relief packages. At the state and local levels, Connecticut was the first jurisdiction to enact¹⁵ baby bonds legislation in 2021, followed by Washington, DC,¹⁶ the same year. California’s 2022–23 budget¹⁷ includes funding for targeted baby bonds. Currently, baby bonds legislation has been introduced in Delaware,¹⁸ Iowa,¹⁹ New Jersey,²⁰ New York,²¹ Washington State,²² Nevada,²³ Wisconsin,²⁴ and Massachusetts,²⁵ and task forces have been set up in Washington State²⁶ and Massachusetts.²⁷ Louisiana²⁸ also passed legislation in June 2022 creating a task force to study the potential impacts of baby bonds in the state.²⁹

The programs proposed or passed across the country vary significantly along the areas of design previously discussed. We compare these pieces of legislation (both passed and introduced) in detail below.³⁰ For a full legislative comparison, see the appendix.

Universal Eligibility

So far, most states—likely because of limited budgets and administrative data hurdles—have restricted eligibility to children from families in lower income brackets, often identified by enrollment in Medicaid or other economic assistance programs. The federal proposal,³¹ however, calls for universal eligibility and enrollment with higher annual deposits for children from families with low incomes. In all proposals so far, children who are eligible at birth remain eligible for the funds at age 18 regardless of their families’ financial situation at that time.

TABLE 1
Eligibility across States’ Baby Bonds Legislation, January 2023

	Universal eligibility?	Automatic enrollment?
Federal	Yes	
Connecticut	No; eligibility is limited to children from Medicaid-eligible households; all eligible children receive the same amount. HUSKY (Medicaid) coverage is only required for the birth. There are no other additional coverage requirements for an eligible beneficiary or their family.	Yes
DC	No; eligibility is limited to children in Medicaid-eligible households with income below 300 percent of FPL. All	Yes

	Universal eligibility?	Automatic enrollment?
	receive the same initial deposit; yearly deposits vary by income.	
California	No; eligibility is limited to children who have lost a parent or caregiver during the pandemic and children in the state's foster care system long term.	Under consideration and will be determined by the working group in coordination with the HOPE Board
Iowa	TBD; the bill requires the treasurer of state to adopt rules to administer the program, including establishing eligibility for the program based on family income.	Opt-in enrollment by parent or guardian
New Jersey	No; eligibility is limited to children in households with income below 200 percent of FPL; all eligible children receive the same amount.	Yes
New York	No; eligibility is limited to children in households with income below 500 percent of FPL; all eligible children receive the same amount.	Yes
Wisconsin	No; eligibility is limited to children whose mothers are eligible for Medical Assistance; all eligible children receive the same amount.	Yes
Washington	No; eligibility is limited to children from Medicaid-eligible households; all eligible children receive the same amount.	Yes
Delaware	No; eligibility is limited to children in households with income below 200 percent of FPL; all eligible children receive the same amount.	Yes
Nevada	No; eligibility is limited to children from Medicaid-eligible households; all eligible children receive the same amount.	Yes
Massachusetts	No; eligibility limited to children, who, within the first twelve months of their life, receive cash assistance under transitional aid to families with dependent children, or are under the care or custody of the Massachusetts department of children and families.	Yes

Source: Authors' analysis of states' baby bond legislation.

Note: FPL = federal poverty level.

Financial Progressivity

Most state proposals call for the same initial deposit amount per child. The District of Columbia's program is limited to children from families that are eligible for Medicaid and there is a progressive structure for annual deposits; children from families on the lower end of the Medicaid-eligible household group receive more in subsequent annual deposits than those in the higher range. New York's proposal called for \$1,000 for all children in households with incomes below 500 percent of the federal poverty level, with subsequent \$500 annual deposits for children in households with incomes below 700 percent of the federal poverty level, plus earnings.

TABLE 2

Seed Deposit Amounts and Annual Contributions of States' Baby Bonds Legislation, January 2023

	Initial deposit	Annual contributions from government
Federal	\$1,000	Up to \$2,000 annually based on family income
Connecticut	\$3,200	None; interest
DC	\$500	Up to \$1,000 annual deposits plus earnings
California	Up to \$8,000 per child	None; interest
Iowa	\$500	\$500 annual deposits plus earnings
New Jersey	\$2,000	None; interest
New York	\$1,000	\$500 annual deposits for families with income below 700 percent of FPL, plus earnings
Wisconsin	\$3,000	None; interest
Washington	\$3,200	None; interest
Delaware	\$2,000	None; interest
Nevada	\$3,200	None; interest
Massachusetts	Not specified in legislation	Not specified in legislation

Source: Authors' analysis of states' baby bond legislation.

Flexible Use of Funds

Each state has requirements on how recipients can use funds once they reach adulthood. In every proposal to date, education, homeownership, and business investments are included (except for in California, where HOPE (Hope, Opportunity, Perseverance, and Empowerment for Children) accounts do not have any restrictions on the use of funds). In the District of Columbia's passed legislation and Wisconsin's proposal, baby bonds can be used for retirement investments. Connecticut's passed legislation and proposals in Washington State and Delaware allow funds to be used for deposits in other long-term asset-yielding accounts.

TABLE 3

Allowable Uses of Funds across States' Baby Bonds Legislation, January 2023

Federal	<ol style="list-style-type: none"> 1. Education 2. Home purchase 3. Other assets yielding long-term gains to wages or wealth 4. No restrictions after recipient turns age 59.5
Connecticut	<ol style="list-style-type: none"> 1. Education 2. Home purchase 3. Business investment 4. Other assets yielding long-term gains to wages or wealth
DC	<ol style="list-style-type: none"> 1. Education 2. Home or commercial property purchase 3. Business investment 4. Retirement investment
California	<ol style="list-style-type: none"> 1. Under consideration and will be determined by the working group in coordination with the HOPE Board
Iowa	<ol style="list-style-type: none"> 1. Educational expenses

	2. First home purchase (home must be in Iowa)
New Jersey	<ol style="list-style-type: none"> 1. Postsecondary education 2. Home purchase 3. Business 4. Other assets yielding long-term gains to wages or wealth
New York	<ol style="list-style-type: none"> 1. No restrictions on use of funds
Wisconsin	<ol style="list-style-type: none"> 1. Postsecondary education 2. Child care or education of minor dependent 3. Home purchase 4. Business investment 5. Retirement
Washington	<ol style="list-style-type: none"> 1. Postsecondary education, including universities, colleges, community and technical schools, trade schools, apprenticeships, and technical certifications and licensures 2. Home purchase 3. Business investment 4. Other assets yielding long-term gains to wages or wealth
Delaware	<ol style="list-style-type: none"> 1. Postsecondary education 2. Home purchase 3. Business investment 4. Other assets yielding long-term gains to wages or wealth
Nevada	<ol style="list-style-type: none"> 1. Postsecondary education (including vocational education or apprenticeship readiness and training) 2. Home purchase 3. Business investment 4. Other assets yielding long-term gains to wages or wealth
Massachusetts	<ol style="list-style-type: none"> 1. Postsecondary education of a designated beneficiary at a vocational or apprenticeship program, community college, or university that is located in and licensed, approved, or accredited by the commonwealth 2. Investment in an entity doing business in the commonwealth by a designated beneficiary 3. Purchase of a home in the commonwealth by a designated beneficiary 4. Any investment in financial assets or personal capital that provides long-term gains to wages or wealth, as defined by regulation promulgated by the state treasurer

Source: Authors' analysis of states' baby bond legislation.

Publicly Funded

All proposals (and passed legislation) use public dollars—either from the general fund, undetermined appropriations, or tax revenues—to fund the program. New Jersey and Delaware's proposals also allow for family contributions into the accounts. Washington State's proposal allows for public or private sources (e.g., philanthropy) to make contributions to the fund but does not allow individual families to contribute. The reasons for these decisions are both theoretical and practical: baby bonds were proposed to remove the burden of saving from low-wealth families, instead relying on the state for support, so it follows that families are not expected to make contributions. This also prevents families who are able to earn more income over time from having obligations to allocate additional earnings into these accounts. On a practical level, many state proposals create a singular "fund" for all of the recipients to be paid out from, so aligning a single family's contributions to their child's account is not feasible.

TABLE 4

Funding Source and Allowability of Family Contributions across States' Baby Bonds Legislation, January 2023

	Program funding source?	Family contributions allowed?
Federal	General fund	Family contributions not accepted
Connecticut	Annual state issued bond	Public or private sources can make gifts to treasurer for the fund, but individual families cannot make specific contributions to their respective accounts
DC	Subject to annual appropriation	Family contributions not accepted
California	General fund	Under consideration and will be determined by the working group in coordination with the HOPE Board
Iowa	Funded through sales and use taxes	Family contributions not accepted
New Jersey	Subject to annual appropriation	Family contributions not accepted
New York	Dedicated state funding source	Family contributions not accepted
Wisconsin	Dedicated state funding source	Public or private sources can make gifts to treasurer for the fund, but individual families cannot make specific contributions to their respective accounts
Washington	General fund	Public or private sources can make gifts to treasurer for the fund, but individual families cannot make specific contributions to their respective accounts
Delaware	Subject to annual appropriation	Contributions allowed into accounts
Nevada	General fund	Public or private sources can make gifts to treasurer for the fund, but individual families cannot make specific contributions to their respective accounts
Massachusetts	General fund	Public or private sources can make gifts to treasurer for the fund, but individual families cannot make specific contributions to their respective accounts

Source: Authors' analysis of states' baby bond legislation.

Substantial Endowment

A baby bond should yield a substantial endowment for the recipient, perhaps equivalent to a down payment in the issuing jurisdiction. However, a one-time investment of \$3,000 dollars with no annual contribution will yield somewhere between \$8,000 and \$12,000 under most market scenarios. In the US, the average home price in 2022 was about \$348,000, meaning a 20 percent down payment would be \$69,600. In table 5, we've estimated ranges for each proposal based on a 5 percent return at the low end (with no annual contribution) and a 7 percent return at the high end with the maximum annual contribution for each state.

Although substantial endowments are important in reducing racial wealth inequities, the low-end estimates of any of these proposals still represent increased wealth for recipients. And from a fiscal perspective, likely only the federal government has the resources to create a baby bonds program at full

scale that would yield the types of endowments capable of substantially reducing racial wealth inequities. Nonetheless, states have legitimate political and practical realities that may limit their abilities to make annual contributions or start with larger seed amounts.

TABLE 5

Seed Amount, Annual Contributions, and Estimated Total Endowment across States' Baby Bonds Legislation, January 2023

	Initial deposit	Annual contributions from government	Estimated total endowment by adulthood
Federal	\$1,000	Up to \$2,000 annually based on family income	Up to \$50,000
Connecticut	\$3,200	None; interest	\$10,000–\$12,000
DC	\$500	Up to \$1,000 annual deposits plus earnings	\$15,000–\$25,000
California	Up to \$8,000 per child	None; interest	\$6,000–\$12,000*
Iowa	\$500	\$500 annual deposits plus earnings	\$10,000–\$12,000
New Jersey	\$2,000	None; interest	\$3,000–\$5,000
New York	\$1,000	\$500 annual deposits for families with income under 700 percent of FPL, plus earnings	\$2,000–\$12,000
Wisconsin	\$3,000	None; interest	\$10,000–\$12,000
Washington	\$3,200	None; interest	\$10,000–\$12,000
Delaware	\$2,000	None; interest	\$3,000–\$5,000
Nevada	\$3,200	None; interest	\$10,000–\$12,000
Massachusetts	Not specified in legislation	Not specified in legislation	Not specified in legislation

Source: Authors' analysis of states' baby bond legislation.

Notes: FPL = federal poverty level.

*Because so much remains to be determined in California's program, it is difficult to estimate a potential range for the total endowment. This range is subject to change as more details become available.

Individual Recipient

All proposed programs have the individual child (not the family) as the account holder to ensure the child can use the money for their own endeavors that can build assets and limit debt.

Key Questions for Policymakers

Baby bonds are part of a suite of policies that aim to improve economic security. The extent to which they make sense for any jurisdiction will depend on local context and priorities. The questions that follow can help policymakers understand whether their jurisdiction would be a good candidate for baby bonds.

- **Income and wealth are both components of economic security—which are you emphasizing?** Programs that support people’s incomes help them meet basic needs. Wealth provides insurance against tough times and creates opportunities for sustained economic mobility. Income supports like cash transfers may be necessary as stopgap measures, but they will not be enough to close the racial wealth gap. Baby bonds focus on supporting wealth building, though they can be combined with income-support policies like guaranteed income or various income security models. It is important for policymakers to draw intentional connections between baby bonds programs and other wealth and income programs in their jurisdictions.
- **Is addressing racial wealth inequities one of your policy goals?** Wealth-building policies that do not account for structural racism in their design are unlikely to address racial wealth inequities. For example, first-time homebuyers’ credits are often available to all, but they disproportionately benefit white people because buying a home requires wealth, and white families have greater wealth than Black, Indigenous, and Latinx families. Baby bonds, as originally intended, have a progressive structure based on familial wealth, so they better account for existing racial wealth inequities.
- **Do your programs promote individual contributions?** If program design and communications about the program expect and accept individual contributions, families that have the income and wealth to save substantial amounts could have an advantage. Encouraging savings and building relationships with financial institutions are important goals, but those can be emphasized in other wealth-building programs.
- **Does your state or locality have the infrastructure to manage a program like baby bonds?** Establishing and administering a baby bonds program does not necessarily require new government infrastructure. Funding for baby bonds can flow through existing program channels; 529 college savings and ABLE³² programs (for certain people with disabilities) share many of the necessary account features for an effective baby bonds program. Alternatively, states that use an omnibus account for child savings accounts, a type of matched savings program, could designate baby bonds subaccounts within that pooled fund. Several states already pool the costs of program administrators for their savings programs. In this model, states typically contract with a private entity responsible for managing investments, recordkeeping, compliance, customer service, and marketing. Interstate coordination is increasingly attractive for state-facilitated, privately managed savings programs, including small-business and retirement programs (Antonelli, Iwry, and John 2018). A similar interstate model could lower the administrative costs of baby bonds programs.

Remaining Research Questions

Although baby bonds programs with the design features previously listed show promise in closing the racial wealth gap and build on strong evidence from matched savings accounts, researchers still have much to learn as this policy is implemented to improve its potential impact. Remaining questions include the following:

1. **Additional benefits and expectations of parents and children:** The focus of the program is giving capital to children and reducing the racial wealth gap. Still, there may be other additional benefits. For example, what impact do baby bonds have on children’s educational and health outcomes? What impact do they have on the social-emotional development of parents and children? How might parental expectations for children’s college attendance, retirement security, homeownership, and upward mobility change if their child has a baby bond? How might a child’s expectations change of their own education, future employment, and financial goals?
2. **Implementation:** How can we identify families by wealth absent strong wealth data? What types of supports would help recipients? What are reliable enrollment data sources at the state (and potentially local) level beyond Medicaid enrollment?
3. **Interim outcomes:** What impact do baby bonds have on parents’ financial well-being?
4. **Simulated outcomes:** What is the potential impact of baby bonds on recipients’ wealth, post-secondary educational attainment, business ownership, retirement wealth, and homeownership rates?
5. **Effects on the racial wealth gap:** What are the simulated long-term effects of baby bonds on the racial wealth-gap (Zewde 2020)? What about interim outcomes disaggregated by race, ethnicity, or income level?

Conclusion

Baby bonds are universal, publicly funded child trust accounts. When recipients reach adulthood, they can use the funds for wealth-building activities such as purchasing a home or starting a small business. Because of the promise baby bonds hold for reducing racial inequities, legislation is proliferating across states. But understanding the nuances and differences of these pieces of legislation is key to understanding each program’s potential to live up to baby bonds’ goals. Further, given that no single policy will solve poverty or racial wealth inequities alone, it’s important to understand how baby bonds legislation at state and local levels might fit into the ecosystem of other income and wealth-building efforts. As implementation in states is ongoing, it is important that we monitor and evaluate the interim and long-term outcomes of this policy. It will be crucial to learn as much from state implementation as possible as federal proposals are developed, because the federal government is likely the only entity that can fully fund baby bonds to make large impacts on racial inequities.

Appendix

TABLE A.1

Expanded Legislation Comparison as of December 2022

	Bill number or name	Initial deposit	Annual contributions from gov't	Est. total endowment by adulthood	Family contributions allowed?	Automatic Enrollment?	Universal eligibility?
Federal	American Opportunity Accounts Act (proposed 2021): https://pressley.house.gov/sites/pressley.house.gov/files/American%20Opportunity%20Accounts%20117th%201.pdf	\$1,000	Up to \$2,000 annually based on family income	Up to \$50,000	Family contributions not accepted	Yes	Yes
Connecticut	(Enacted—H. B. 6690)*: https://www.cga.ct.gov/2021/TOB/H/PD/F/2021HB-06690-R00-HB.PDF	\$3,200	None; interest	\$10,000–\$12,000	Public or private sources can make gifts to the treasurer for the fund, but individual families cannot make specific contributions to their respective accounts	Yes	No; eligibility is limited to children from Medicaid-eligible households; all eligible children receive the same amount. HUSKY (Medicaid) coverage is only required for the birth. There are no other additional coverage requirements for an eligible beneficiary or their family.
DC	(Enacted—B. 24-439): https://lims.dccouncil.us/Legislation/B24-0439	\$500	Up to \$1,000 annual deposits plus earnings	\$15,000–\$25,000	Family contributions not accepted	Yes	No; eligibility is limited to children in Medicaid-eligible households with income below 300 percent of FPL; all

	Bill number or name	Initial deposit	Annual contributions from gov't	Est. total endowment by adulthood	Family contributions allowed?	Automatic Enrollment?	Universal eligibility?
							receive same initial deposit; yearly deposits vary by income
California	Hope, Opportunity, Perseverance, and Empowerment (HOPE) for Children Trust Account Fund Passed in 2022–23 budget: https://www.ebudget.ca.gov/FullBudgetSummary.pdf	Up to \$8,000 per child	None; interest	\$6,000–\$12,000	Under consideration and will be determined by the working group in coordination with the HOPE Board	Under consideration and will be determined by the working group in coordination with the HOPE Board	No; eligibility is limited to children who have lost a parent or caregiver during the pandemic and long-term children in the state's foster care system
Iowa	(Proposed—H. F. 544): https://www.legis.iowa.gov/publications/search/document?fq=id:1213128	\$500	\$500 annual deposits plus earnings	\$10,000–\$12,000	Family contributions not accepted	Opt-in enrollment by parent or guardian	TBD; the bill requires the treasurer of state to adopt rules to administer the program, including establishing eligibility for the program based on family income
New Jersey	(Proposed—A. B. 4638): https://www.njleg.state.nj.us/bill-search/2020/A4638	\$2,000	None; interest	\$3,000–\$5,000	Contributions allowed into accounts	Yes	No; eligibility is limited to children in households with income below 200 percent of FPL; all eligible children receive the same amount
New York	(Proposed—S. 6902): https://www.nysenate.gov/legislation/bills/2021/s6902	\$1,000	\$500 annual deposits for families with income under 700 percent of	\$2,000–\$12,000	Family contributions not accepted	Yes	No; eligibility is limited to children in households with income below 500 percent of FPL; all eligible children

	Bill number or name	Initial deposit	Annual contributions from gov't	Est. total endowment by adulthood	Family contributions allowed?	Automatic Enrollment?	Universal eligibility?
			FPL, plus earnings				receive the same amount
Wisconsin	(Proposed—S. B. 497): https://docs.legis.wisconsin.gov/2021/related/proposals/sb497	\$3,000	None; interest	\$10,000–\$12,000	Public or private sources can make gifts to the treasurer for the fund, but individual families cannot make specific contributions to their respective accounts	Yes	No; eligibility is limited to children whose mothers are eligible for Medical Assistance; all eligible children receive the same amount
Washington	(Proposed H. B. 1861–2021–22): https://app.leg.wa.gov/billsummary?BillNumber=1861&Year=2021	\$3,200	None; interest	\$10,000–\$12,000	Public or private sources can make gifts to the treasurer for the fund, but individual families cannot make specific contributions to their respective accounts	Yes	No; eligibility is limited to children from Medicaid-eligible households; all eligible children receive the same amount
Delaware	(Proposed—S. B. 243 2022): https://legis.delaware.gov/BillDetail/79215	\$2,000	None; interest	\$3,000–\$5,000	Contributions allowed into accounts	Yes	No; eligibility is limited to children in households with income below 200 percent of FPL; all eligible children receive the same amount
Nevada	(Proposed—A. B. 28 2022): https://www.leg.state.nv.us/App/NELIS/REL/82nd2023/Bill/9557/Text	\$3,200	None; interest	\$10,000–\$12,000	Public or private sources can make gifts to the treasurer for the fund, but individual families cannot make specific contributions to their respective accounts	Yes	No; eligibility is limited to children from Medicaid-eligible households; all eligible children receive the same amount
Massachusetts	(Proposed—S. D. 711 and H. D. 783): https://malegislature.gov/Bills/193/SD711	Not specified in legislation	Not specified in legislation	To be determined	Public or private sources can make gifts to treasurer for the fund, but individual families cannot make specific contributions to their respective accounts	Yes	No; eligibility limited to children, who, within the first 12 months of their life, receive cash assistance under transitional aid to families with dependent children, or are under

Bill number or name	Initial deposit	Annual contributions from gov't	Est. total endowment by adulthood	Family contributions allowed?	Automatic Enrollment?	Universal eligibility? the care or custody of the Massachusetts Department of Children and Families
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Sources: Authors' analysis of legislation linked in column 2 (accessed July 29, 2022). Adapted and updated from Shira Markoff, Joanna Ain, Grieve Chelwa, and Darrick Hamilton, *A Brighter Future with Baby Bonds: How States and Cities Should Invest in Our Kids* (Washington, DC: Prosperity Now, 2022).

* The Connecticut 2022–23 State budget delays implementation of Baby Bonds by two years, with eligible babies born starting July 1, 2023, and the first bond funds available for investment in 2024. A general fund refers to revenues accruing to the state from taxes, fees, interest earnings, and other sources that can be used for the general operation of state government.

TABLE A.1, CONT'D.

Expanded Legislation Comparison as of December 2022

	Flexible uses of funds?	Program funding source	State benefit asset limit exclusions?	Who is managing?	Requires financial coaching?	Cutoff year/age	Residency requirement at age 18?	Money can be accessed before age 18?
Federal	1. Education 2. Home purchase 3. Other assets yielding long-term gains to wages or wealth 4. No restrictions after recipient turns age 59.5	General fund	Excludes funds from asset limits	Treasury of the United States	Bill specifies that the Secretary of the Treasury, in coordination with the Financial Literacy and Education Commission, shall develop programs to promote the financial capability of account holders of American Opportunity (AO) accounts.	30 years old	Yes to US	No
Connecticut	1. Education 2. Home purchase 3. Business investment 4. Other assets yielding long-term gains to wages or wealth	Annual state issued bond	Excludes funds from asset limits	State Treasurer's Office	Yes; "financial literacy" requirement as prescribed by the treasurer	No	Connecticut residency is required to make a claim. However, residency is only required at the time of the claim. For example, if an eligible beneficiary moves out of state at age 10 but is a Connecticut resident when they make their claim, they would be eligible.	Not specified in legislation

	Flexible uses of funds?	Program funding source	State benefit asset limit exclusions?	Who is managing?	Requires financial coaching?	Cutoff year/age	Residency requirement at age 18?	Money can be accessed before age 18?
DC	1. Education 2. Home or commercial property purchase 3. Business investment 4. Retirement investment	Subject to annual appropriation	Excludes funds from asset limits	Office of the Chief Financial Officer	No	TBD	Recipients can withdraw funds (1) when they turn age 18; (2) if they've been a DC resident for at least 16 years before turning 18; and (3) if they have been a District resident for at least 12 months immediately before turning 18. The law provides a grace period for families who leave the District for up to two years.	Only if enrollee becomes disabled and files for a disability certification
California	Under consideration and will be determined by the working group in coordination with the HOPE Board	General fund	Not specified in legislation	State Treasurer's Office	Under consideration and will be determined by the working group in coordination with the HOPE Board	35 years old	Under consideration and will be determined by the working group in coordination with the HOPE Board	Under consideration and will be determined by the working group in coordination with the HOPE Board
Iowa	1. Educational expenses 2. First home	Funded through sales and use taxes	Not specified in legislation	State Treasurer's Office	No	35 years old	Yes; an enrollee who is not a resident of Iowa on or after their 18th birthday	Not specified in legislation

	Flexible uses of funds?	Program funding source	State benefit asset limit exclusions?	Who is managing?	Requires financial coaching?	Cutoff year/age	Residency requirement at age 18?	Money can be accessed before age 18?
	purchase (home must be in Iowa)						is not eligible to receive funds from the savings account on or after their 18th birthday	
New Jersey	1. Education 2. Home purchase 3. Business investment 4. Other assets yielding long-term gains to wages or wealth	Subject to annual appropriation	Excludes funds from asset limits	State Treasurer's Office and Baby Bond Account Board	Yes; determined by Baby Bond Account Board	Not specified in legislation	Yes; account holder must be domiciled in New Jersey. Also, if an account holder turns age 25 and thereafter lives outside the state for five or more consecutive years, they forfeit their account.	Yes, for qualified tuition and related expenses for eligible students
New York	1. Education 2. Homeownership 3. Owning a business	Dedicated state funding source	Excludes funds from asset limits	State Treasurer's Office	Yes; "The board shall develop an educational initiative that provides information and instruction on financial literacy, recommended uses of the distribution, and best practices for wealth generation upon distribution of an EO account."	30 years old	Yes; must be resident at time of receipt	No
Wisconsin	1. Postsecondary education 2. Child care or	Dedicated state	Excludes funds from asset limits	Department of	Yes; determined by Department of	31 years old	Yes, the account beneficiary and at least one of the	No

	Flexible uses of funds?	Program funding source	State benefit asset limit exclusions?	Who is managing?	Requires financial coaching?	Cutoff year/age	Residency requirement at age 18?	Money can be accessed before age 18?
	education of minor dependent 3. Home purchase 4. Business investment 5. Retirement	funding source		Financial Institutions	Financial Institutions		account beneficiary's parents must be a Wisconsin resident. If an account beneficiary or the account beneficiary's parents relocate from Wisconsin before the account beneficiary's 18th birthday, the account beneficiary is eligible for the distribution if the account beneficiary returns to Wisconsin and remains a Wisconsin resident for at least one year thereafter.	
Washington	1. Postsecondary education, including universities, colleges, community and technical schools, trade schools, apprenticeships, and technical certifications and licensures 2. Home purchase	General fund	Excludes funds from asset limits	State Treasurer's Office	Yes; determined by state treasurer	31 years old	Yes	No

	Flexible uses of funds?	Program funding source	State benefit asset limit exclusions?	Who is managing?	Requires financial coaching?	Cutoff year/age	Residency requirement at age 18?	Money can be accessed before age 18?
	3. Business investment 4. Other assets yielding long-term gains to wages or wealth							
Delaware	1. Postsecondary education 2. Home purchase 3. Business investment 4. Other assets yielding long-term gains to wages or wealth	Subject to annual appropriation	Excludes funds from asset limits	State Treasurer's Office	Yes; determined by Plans Management Board	Not specified in legislation	If the account holder is age 25 or older and domiciled in another state for five or more consecutive years, the money in the account holder's individual account is presumed abandoned	Yes, for qualified tuition
Nevada	1. Postsecondary education (including vocational education or apprenticeship readiness and training) 2. Home purchase 3. Business investment 4. Other assets yielding long-term gains to wages or wealth	General fund	Excludes funds from asset limits	State Treasurer's Office	No	30 years old	If the account holder is 25 years old or older and domiciled in another state for five or more consecutive years, the money in the account holder's individual account is presumed abandoned	Not specified in legislation
Massachusetts	1. Postsecondary education of a designated beneficiary at a	General fund	Excludes funds from asset limits	State Treasurer's Office	To be determined; engagement and financial education	35 years old	Yes	Not specified in legislation

Flexible uses of funds?	Program funding source	State benefit asset limit exclusions?	Who is managing?	Requires financial coaching?	Cutoff year/age	Residency requirement at age 18?	Money can be accessed before age 18?
vocational or apprentice program, community college, or university that is located in and licensed, approved, or accredited by the commonwealth 2. Investment in an entity doing business in the commonwealth by a designated beneficiary 3. Purchase of a home in the commonwealth by a designated beneficiary 4. Any investment in financial assets or personal capital that provides long-term gains to wages or wealth, as defined by regulation promulgated by the state treasurer				are crucial program components			

Source: Authors' analysis of legislation linked in column 2 of the first part of this table (accessed July 29, 2022). Adapted and updated from Shira Markoff, Joanna Ain, Grieve Chelwa, and Darrick Hamilton, *A Brighter Future with Baby Bonds: How States and Cities Should Invest in Our Kids* (Washington, DC: Prosperity Now, 2022).

Notes

- ¹ Kilolo Kijakazi, Margaret Simms, Signe-Mary McKernan, and Cary Lou, “How Policymakers Can Ensure the COVID-19 Pandemic Doesn’t Widen the Racial Wealth Gap,” *Urban Wire*, February 12, 2021, <https://www.urban.org/urban-wire/how-policymakers-can-ensure-covid-19-pandemic-doesnt-widen-racial-wealth-gap>.
- ² In this report, the authors use Black to describe people of African descent, Latinx to describe people with Latin American ancestry, and Native American to describe all Native people of the continental US and Alaska. We use Latinx instead of Latino to be respectful of the gender spectrum. We use Asian American, Native Hawaiian, and Pacific Islander (AANHPI) to describe, respectively, people of Asian descent living in the US, the indigenous people of Hawaii and their descendants, and people with ancestral roots in American Samoa, Guam, the Northern Mariana Islands, the Polynesian Islands, the Micronesian Islands, and the Melanesian Islands. We use these terms because they represent current best practices from the literature for inclusivity, but we acknowledge that these terms have limitations and try to address them where possible.
- ³ “Understanding College Affordability: College Savings Accounts,” Urban Institute, accessed January 3, 2022, https://collegeaffordability.urban.org/covering-expenses/savings/#/demographic_differences-college_savings_accounts.
- ⁴ “State Data: Children’s Savings Accounts, 2021,” Prosperity Now Scorecard, accessed January 19, 2023, <https://scorecard.prosperitynow.org/data-by-issue#education/policy/childrens-savings-accounts>.
- ⁵ American Opportunity Accounts Act, S. 2231, 116th Cong. (2019–20), <https://www.congress.gov/bill/116th-congress/senate-bill/2231>.
- ⁶ “Baby Bonds: Economic Opportunity for All Children,” Prosperity Now, accessed January 19, 2023, <https://prosperitynow.org/sites/default/files/resources/Baby%20Bonds%20-%20One%20Pager.pdf>.
- ⁷ Gregory Mills, “Churn among Food Stamp Participants Has Costs for Clients and Agencies,” *Urban Wire*, December 22, 2014, <https://www.urban.org/urban-wire/churn-among-food-stamp-participants-has-costs-clients-and-agencies>.
- ⁸ “Historical Background and Development of a Social Security: Pre-Social Security Period: Traditional Sources of Economic Security,” Social Security Administration, accessed January 19, 2023, <https://www.ssa.gov/history/briefhistory3.html>.
- ⁹ Madeline Brown, Signe-Mary McKernan, and Trina Williams Shanks, “A Safety Net of Income Supports Won’t End Financial Security Alone. Addressing Wealth Gaps Is Just as Important,” *Urban Wire* (blog), July 25, 2022, <https://www.urban.org/urban-wire/safety-net-income-supports-wont-end-financial-insecurity-alone-addressing-wealth-gaps>.
- ¹⁰ “Investing Basics: Risk,” FINRA.org, accessed January 3, 2023, <https://www.finra.org/investors/investing/investing-basics/risk>.
- ¹¹ See the target-date funds explanation at “Investor Insights,” FINRA.org, accessed January 3, 2023, <https://www.finra.org/investors/insights/save-date-target-date-funds-explained>.
- ¹² See State Fiscal Savings fact sheets at “State Specific Resources,” AARP, accessed January 3, 2023, <https://www.aarp.org/ppi/state-retirement-plans/retirement-savings-gap/>, an AARP Public Policy Institute analysis of Trostel (2017) (see below for full Trostel citation).
- ¹³ Income was used in the federal proposal (and all current state and local proposals) instead of wealth because there is currently no reliable source of familial wealth data in the United States.
- ¹⁴ “Pressley, Booker Urge Biden Administration to Include ‘Baby Bonds’ in the Next Economic Recovery Package,” Congressman Ayanna Pressley, Massachusetts 7th District, January 14, 2021, <https://pressley.house.gov/2021/01/14/pressley-booker-urge-biden-administration-include-baby-bonds-next-economic/>.

- ¹⁵ “CT Baby Bonds: Investing in Connecticut’s Future with CT Baby Bonds,” The Office of Treasurer Erick Russell, accessed January 19, 2023, <https://portal.ct.gov/OTT/Debt-Management/CT-Baby-Bonds>.
- ¹⁶ Chris Cruise, “DC Council Unanimously Approves Bill Establishing ‘Baby Bonds’ for Low-Income Kids,” WTOP News, October 19, 2021, <https://wtop.com/dc/2021/10/dc-council-unanimously-approves-baby-bonds-for-low-income-children-in-an-attempt-to-bridge-huge-racial-wealth-gap/>.
- ¹⁷ “Governor’s Budget Summary,” State of California, 2023–24, accessed January 19, 2023, <https://www.ebudget.ca.gov/FullBudgetSummary.pdf>.
- ¹⁸ An Act to Amend Title 29, Title 30, and Title 31 of the Delaware Code Relating to the Baby Bond Account Fund, S. B. 243, 21st Gen. Assembly (2021–22), <https://legis.delaware.gov/BillDetail/79215>.
- ¹⁹ Iowa H. F. 544 (2021), <https://www.legis.iowa.gov/legislation/BillBook?ga=89&ba=HF544>.
- ²⁰ New Jersey Baby Bond Account Program, B. A. 4638 (2020–21), <https://www.njleg.state.nj.us/bill-search/2020/A4638>.
- ²¹ New York Baby Opportunity Fund, A. B. A4065 (2021–21), <https://www.nysenate.gov/legislation/bills/2021/A4065>.
- ²² Eric Tegethoff, “WA Baby Bond Program Aims to Address Wealth Gap,” Public News Service, January 18, 2022, <https://www.publicnewsservice.org/2022-01-18/childrens/wa-baby-bond-program-aims-to-address-wealth-gap/a77396-1>.
- ²³ Kevin Sheridan, “State Treasurer Files Legislation to Tackle Racial Wealth Gap,” FOX 5 KVVU-TV, September 8, 2022, <https://www.fox5vegas.com/2022/09/08/state-treasurer-files-legislation-tackle-racial-wealth-gap/>.
- ²⁴ “Baby Bond Legislation,” Melissa Agard, Wisconsin State Senator 16th Senate District, accessed January 19, 2023, <https://legis.wisconsin.gov/senate/16/agard/best-agenda/baby-bond-legislation/#:~:text=For%20babies%20born%20to%20Medicaid,investments%2C%20or%20pay%20for%20childcare>.
- ²⁵ An Act Addressing the Racial Wealth Gap,, S. D. 711, 193rd Gen. Court, accessed January 25, 2023, <https://malegislature.gov/Bills/193/SD711>.
- ²⁶ Adam Johnson, “Budget Funds Key First Step in State Treasurer’s Wealth Gap Initiative,” Washington State Treasurer’s Office, March 31, 2022, <https://tre.wa.gov/wff-in-the-budget/>.
- ²⁷ “Massachusetts Baby Bonds Task Force,” Massachusetts Office of Economic Empowerment, accessed January 19, 2023, <https://www.mass.gov/service-details/massachusetts-baby-bonds-task-force>.
- ²⁸ Louisiana H. C. R. 94, Reg. Sess (2022), <https://legiscan.com/LA/text/HCR94/2022>.
- ²⁹ It is worth noting that a number of cities, including New York City and Oakland, have recently created new or modified programs for children in their jurisdictions that are now being referred to as baby bonds. We focus this brief on state and federal proposals because the city programs are highly variable in terms of eligible populations, endowment size, and allowable uses. See “Mayor de Blasio and Chancellor Porter Celebrate Launch of Universal NYC Baby Bonds,” news release, NYC Office of the Mayor, September 15, 2021, <https://www.nyc.gov/office-of-the-mayor/news/619-21/mayor-de-blasio-chancellor-porter-celebrate-launch-universal-nyc-baby-bonds#/0>.
- ³⁰ It is worth noting that New York State has introduced at least two different bills that would create programs resembling baby bonds: one establishing the New York baby opportunity fund (A. B. A4065, 2021–22 Leg. Sess., Feb. 1, 2021, <https://www.nysenate.gov/legislation/bills/2021/A4065>; S. B. S4555, 2021–22 Leg. Sess., Feb. 5, 2021, <https://www.nysenate.gov/legislation/bills/2021/s4555>); and one enacting the “Excelsior Opportunity Accounts Act” (S. B. S6902, 2021–22 Leg. Sess., May 20, 2021, <https://www.nysenate.gov/legislation/bills/2021/s6902>). For the purposes of this comparison, we use the Excelsior Opportunity Accounts Act because it most closely aligns with legislation in other states.
- ³¹ “The American Opportunity Accounts Act—“Baby Bonds,” accessed January 19, 2023, <https://pressley.house.gov/sites/pressley.house.gov/files/Final%20Baby%20Bonds%20One%20Pager.pdf>.
- ³² “Spotlight on Achieving a Better Life Experience (ABLE) Accounts,” Social Security Administration, accessed January 19, 2023, <https://www.ssa.gov/ssi/spotlights/spot-able.html>.

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