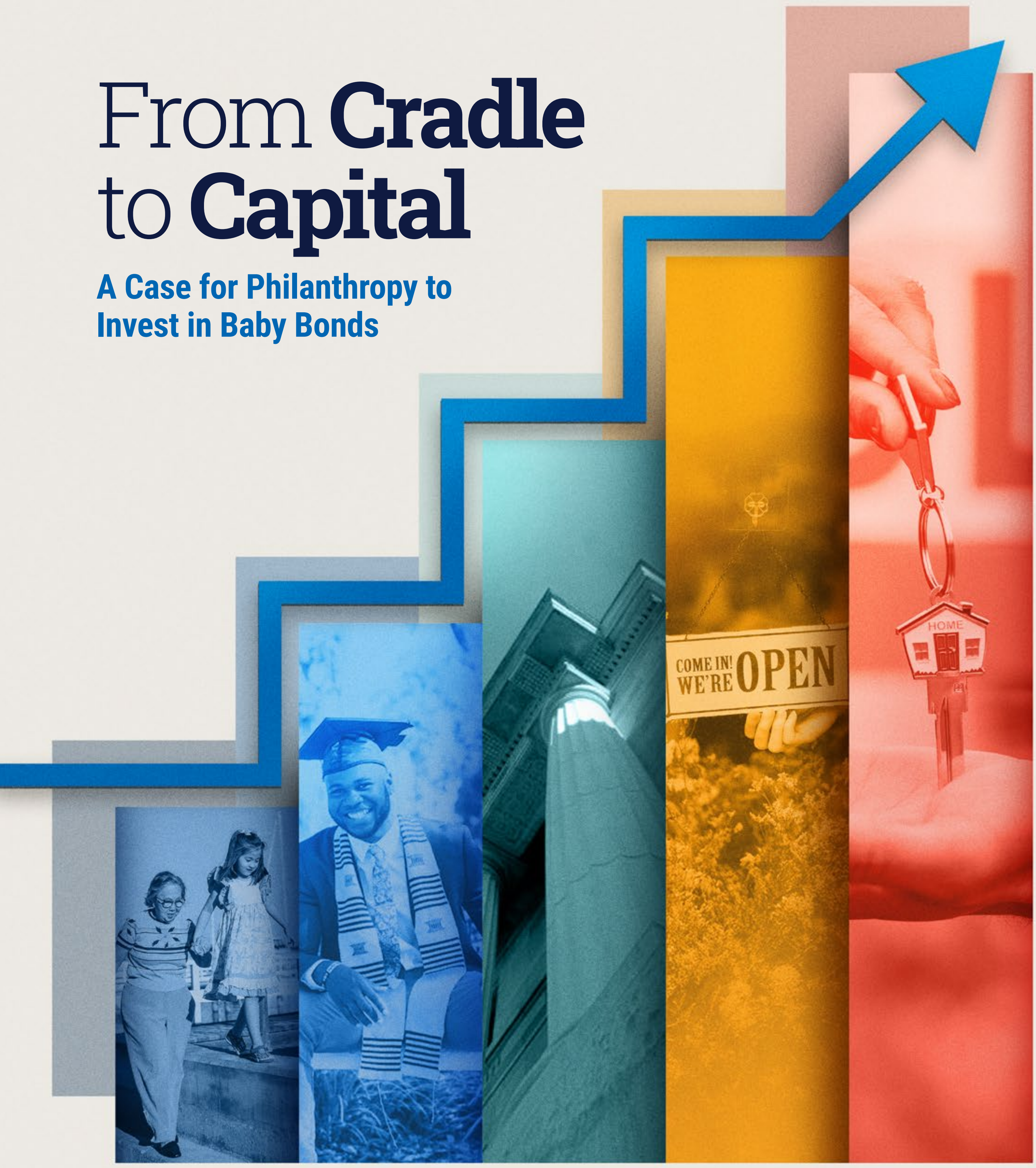
From **Cradle** to **Capital**

A Case for Philanthropy to Invest in Baby Bonds



AFN ASSET FUNDERS NETWORK | Grantmakers Advancing Economic Equity

THE NEW SCHOOL Institute on Race, Power and Political Economy

AFN Connecticut ASSET FUNDERS NETWORK

Authors

David Radcliffe
Director of State and Local Policy, The New School Institute on Race, Power and Political Economy

Leah Mayor, Ph.D
Senior Director, Asset Funders Network

Joseph A. Antolín
President and CEO, Asset Funders Network

Contributors

Kevin Alvarez
Deputy Chief of Staff and Director of Policy, Connecticut Office of the Treasurer

Kevin Callahan
The Office of the Newark Philanthropic Liaison, Council of New Jersey Grantmakers

Alexandra Cawthorne Gaines
Former Executive Director, Global Public Policy, JPMorganChase

Radhy Miranda
Principal, Mars Consulting Partners

Lutonya Russell-Humes
Vice President Grant and Programs, Fairfield County's Community Foundation

Kate Reeves
Director, The Connecticut Project

Funder

McKNIGHT FOUNDATION

The views and opinions represented in this brief are those of the author and AFN; they do not necessarily constitute those of the funder.

Table of Contents

Purpose of This Guide

Our economic systems have tremendous capacity to create opportunity and equity. As it stands, our economy is held back by structural inequities which are deeply embedded in our policies and economy. This creates a system where those born into wealth access a “wealth lottery” that not only impacts financial well-being, but also health, longevity, and pathways to opportunity. We see this from the moment a baby is born, and even before birth, based on the circumstances into which a child is born. Some children—those born into wealth—see investments in time and capital that set them on a trajectory characterized by good health, mental well-being, and financial security. Others, born into poverty, too often, enter intergenerational cycles of disinvestment felt personally and at the community level.

This brief provides an overview of Baby Bonds, a policy designed to disrupt these cycles by creating publicly funded accounts - Baby Bonds - that when paired with other supports, promote an effective and inclusive economy that works for all. This brief provides a short overview of what baby bonds are, what problem they are designed to solve, and how philanthropy can make a difference through targeted investments that support the foundational case-building and implementation of Baby Bonds at the state and national levels.

The Importance of Income and Assets

The two key ingredients to economic well-being are income and wealth.

Income is the flow of resources into a household, typically through earnings from work. Income to meet basic needs is not enough. True economic well-being requires not only income but also assets—whether disposable income, savings, investments, or ownership—that can be used to pay down debt, save for a rainy day, start a business, fund education, or invest to create wealth. Too often, disposable income is insufficient to generate the capital needed to enter and participate in the U.S. economy.

Wealth is the number one measure of financial security. Having wealth allows people to not only cover ongoing expenses but also to manage unexpected expenses, to plan for and invest in their futures, and to pass an inheritance on to their children. While many people think of wealth as a goal or the end of an economically secure life, we know that wealth is the beginning. The essence of wealth is its function—what doors it can open. For example, the difference between being a renter and a homeowner is often a down payment. The ability to turn an entrepreneurial idea into a business is access to start-up capital.

What are Baby Bonds?

Baby Bonds are publicly funded trust accounts given to a child at birth. The funds are invested and grow over time. Once a child reaches adulthood, they can use the funds in defined ways that promote economic opportunity, such as education, small business ownership, and retirement.

Research shows that a lack of wealth is not due to one's individual choices or decision-making. Intergenerational wealth accrues as a result of policy choices and designs. Young adults without access to capital have little chance of catching up, no matter how hard they work. Without initial seed capital, these young adults begin their lives far behind those of their more economically advantaged counterparts in building wealth over their lifetimes.

Baby Bonds are an increasingly essential bipartisan government policy to address the uneven "wealth lottery," in which every child born into a low- or median-income household receives a publicly seeded trust account at birth that is invested to increase its value over time. This public account aims to enable recipients to fully participate in the economy despite coming from modest means.

Upon reaching adulthood and through the next decade, the young adults can access these Baby Bonds funds for wealth-building opportunities of post-secondary education, home ownership, small business ownership, and retirement savings. Having access to this "start-up capital" enables young people to build wealth and lead lives that are hopeful, fulfilling, productive, prosperous and self-directed.

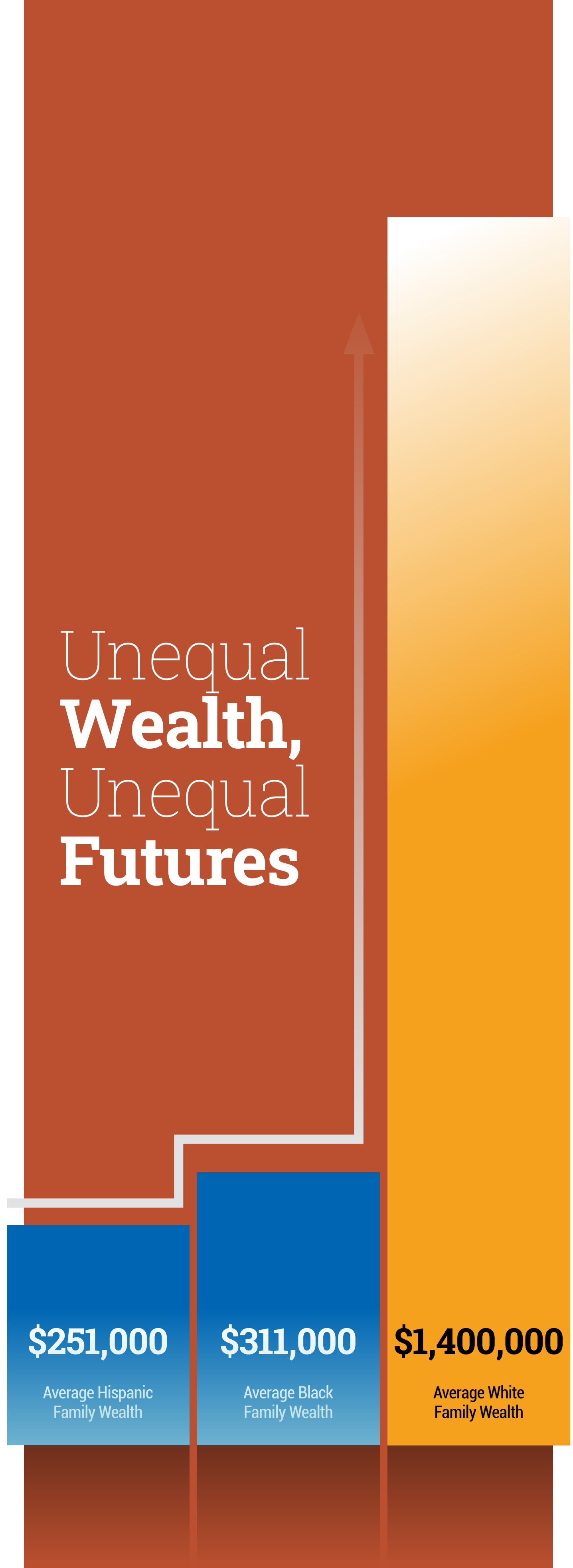
The Wealth Gap in the United States Is Stark

Over the past three decades, total real wealth held by American families has tripled, but that growth has not been uniformly distributed: the top 10% of households hold 69% of total household wealth while the bottom 50% of households hold only 2.4%.[1] Older families and families with more education and higher incomes saw their wealth rise faster than younger families and families with less income and less education.[2] The wealth gap could grow even wider and at a faster pace in the next 20 years as wealth transfers from Boomers to Gen X and Millennials. By 2043, approximately $84 trillion is expected to change hands, with the majority of that wealth remaining within a small circle.[3]

For young people who have lower incomes and less inherited wealth, the lack of financial stability and wealth can delay homeownership, educational attainment, small business ownership, and even family formation. This is especially true of households of color; according to **2024 data released by the Federal Reserve Bank of St. Louis, average White family wealth ($1.4 million) was four and a half times that of an average Black family ($311,000) and nearly six times that of an average Hispanic family ($251,000)**.[4]

Children born into wealthy families are more likely to be born healthy and full term and to receive necessary and preventative medical treatments. When entering adulthood, they are more likely to graduate from college debt-free and to receive a wealth transfer, such as an inheritance or trust account, as capital to assist in purchasing a home, starting a business, or buying a business. All of these wealth-related benefits set them on the path toward a successful adulthood.

In contrast, children born into families that lack wealth start at a disadvantage, having a higher likelihood of low birth weight and being born preterm. When entering adulthood, children from families without wealth can be completely left out of important wealth-building opportunities. They are often saddled with oppressive debt to attain education, homeownership, or entrepreneurship.



Widening Wealth Gaps Require Bold Policy Solutions

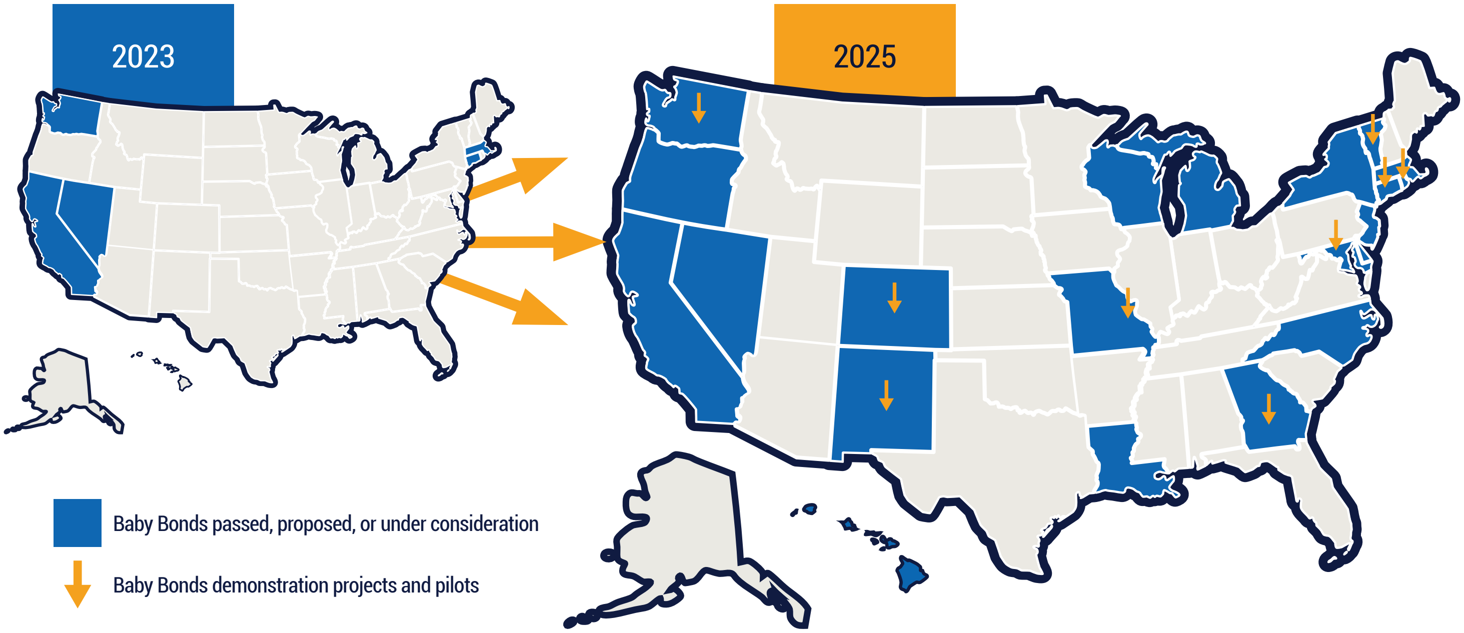
The opportunity to make progress in addressing wealth gaps and ensuring every child has the tools to allow them to fully participate in the economy has been decades in the making. Academics have been studying the impact of early childhood savings accounts and their impact on wealth building for the last 20 years. Studies in Oklahoma and San Francisco have created an evidence base demonstrating what happens when under-resourced children are provided start-up capital for life.[5] Researchers have found that even a modestly funded college savings account, such as a 529, increases the likelihood that young people will enroll in a postsecondary institution.[6]

Working from that intellectual underpinning in a seminal 2010 paper, economists Dr. Darrick Hamilton and Dr. William Darity proposed Baby Bonds as a targeted policy solution that focuses on a substantial endowment, rather than individual savings for children from households with the least wealth. With the initial funds carefully managed by the state to grow in value, the funds when accessed would allow beneficiaries to participate in wealth-building economic opportunities in ways similar to those available to people with greater wealth.[7]

The transformational potential of Baby Bonds has inspired numerous pilots in cities and states across the country. Policymakers in California, Connecticut, and Washington D.C. are implementing large-scale Baby Bonds initiatives, inspiring legislators in several other states to propose Baby Bonds legislation.[8] State Baby Bonds initiatives have the potential to transform economic outcomes for children from low-wealth families and communities while increasing investment in the state.

Because Baby Bonds are by design focused on asset-building uses like education, homeownership, entrepreneurship, or investing in retirement savings and must be used within the issuing state, these investments in individuals will ripple out and become investments in a state's economy. Over time, Baby Bonds have the potential to increase investments in small businesses and homes in the state, create pathways to households with higher income, create local jobs, increase the tax base, and save public dollars on more costly, less effective people-supporting interventions.

Baby Bonds Momentum



Where Have Baby Bonds Been Established?

- **2021** Connecticut becomes the first state to pass Baby Bond legislation. The state fully funded and implemented the program in 2023.
- **2021** Washington, D.C., establishes a Child Trust Fund, but has not yet finalized implementation or begun enrolling infants.
- **2023** California passes a pilot program providing Baby Bonds to children who lost a primary caregiver due to COVID-19 or have long-term stays in foster care. The state aims to build out a full Baby Bonds program.
- **2024** Vermont and in 2025, Rhode Island passes Baby Bonds legislation, creating the legal framework for the state program and directing the treasurer to implement the program.

In addition, 20 states have either introduced or are seriously considering Baby Bonds legislation and 10 Baby Bond pilots are planned or underway in nine states. These pilot projects and state policy efforts will provide learning, innovation, and momentum that will lead to a Federal policy.

The Transformative Power of Baby Bonds

- Provide start-up capital for young people to afford the American dream and true freedom to economically succeed—hard work, education, savings, and job opportunities are not enough.
- Unleash untapped ingenuity, human capacity, and civic engagement in ways that can promote shared prosperity.
- Power local economic growth by strategically deploying resources to historically disinvested communities.
- Reduce public spending on more costly, less effective interventions.
- Reduce student debt and increase wealth, home equity, and retirement savings across gender, race, and ethnicity.

State Baby Bonds in Action: How Policy Becomes Prosperity

Before or shortly after an eligible newborn's birth, public funds are placed in trust and are carefully invested. Eligibility is determined based on a family's financial position aligned with state-funded health care (ranging from 185% to 333% of the Federal Poverty line) or tied to geographical median income. These accounts are:

- Managed by the State Treasurer.
- Automatically enrolled.
- Universal and progressively funded.
- Invested to grow over time, multiplying the state's investment many times over.
- Available for evidence-based wealth-building activities.
- Protected against impacts on taxes and public benefits.
- Maintained in an omnibus account to ensure no interruption of eligibility for the household for any other programs.
- Designed to provide households and beneficiaries with notices of the account's present value and future uses, supporting aspiration and understanding of their asset.

Between the ages of 18 and 30, beneficiaries can access the realized returns of the Baby Bonds investment (projected as at least $10,000 for 18-year-olds in Connecticut's model) for one or more defined wealth-building activities—to help buy a home, start or invest in a business, pay for college or other post-secondary education or training, or save for their own retirement. In Connecticut, the program will be complemented with a financial education requirement, to provide young people with supplemental financial knowledge and potentially provide the support needed to make the best use of these resources.

Importantly, Baby Bond policies will be most effective when implemented in tandem with other policies that ensure families are sufficiently resourced and that predatory schemes to access the funds are outlawed. Essential resource policies that the same infants who will benefit from access to capital in the future, will benefit today include quality, accessible, affordable child care and education, housing, health care, and unrestricted cash programs including refundable child care tax credits, the earned income tax credit, and guaranteed income to the family.

Partnering with Treasurers to Build Wealth

State treasurers are natural champions for state-run Baby Bonds because the program aligns with their core responsibilities and offers long-term economic, social, and fiscal benefits. Philanthropy can engage state treasurers as natural partners with shared goals. Here's why:

1. Promotes Economic Mobility and Equity

Baby Bonds are designed to reduce the wealth gap and promote intergenerational economic mobility by giving every child a financial foundation, especially those from low-wealth households. State treasurers, as stewards of public resources and economic development, have a role in promoting policies that create more equitable economic opportunity.

2. Supports Financial Security

Treasurers often lead efforts around financial education. Baby Bonds can complement these efforts by giving families and youth a stake in the financial system, encouraging early engagement with savings & investment, and planning for the future.

3. Invests in Human Capital

By creating a pathway to postsecondary education, homeownership, or entrepreneurship, Baby Bonds can contribute to a more skilled and productive workforce. Treasurers have an interest in long-term state economic growth and investing in residents from an early age supports that goal.

4. Stimulates Local Economies

As Baby Bonds mature and are used for wealth-building activities, they can lead to increased spending and investment within the state. That means more business development, home buying, and local economic activity.

5. Demonstrates Fiscal Stewardship

State treasurers oversee the investment of public funds. Baby Bonds, structured well, can be a responsible, forward-thinking investment that grows over time and is deployed when recipients reach adulthood. The program shows how public dollars can be leveraged to create long-term value.

6. Aligns with College Savings and Other Treasury Programs

Many treasurers already manage 529 college savings plans or children's savings accounts (CSAs). Rather than savings, Baby Bonds focus on the endowment for multiple wealth-building activities to drive greater impact, particularly for children from families with lower incomes.

7. Demonstrates Public Trust and Leadership

Treasurers are elected or appointed to act in the public's best interest. Supporting Baby Bonds signals a commitment to tackling wealth inequality and building a fairer financial future, building public trust and demonstrating visionary leadership.

8. Supports Treasurers' Focus on the "Big Picture"

State treasurers take a patient, measured approach to managing risk and ensuring long-term returns. This perspective helps insulate against often shorter-term time horizons that elected officials may take on policy and budget matters.

Investing in Capacity-Building Infrastructure: The Connecticut Project

The Connecticut Project, a statewide private funder, has learned that effective public-philanthropic partnerships require strategic government capacity building. Working with government as a partner, the Connecticut Project has focused on:

- Funding technical assistance for new program implementation.
- Supporting staffing to implement the program during lengthy government hiring processes.
- Strengthening connections between agencies and community organizations.
- Helping with family awareness of and engagement with baby bond efforts.
- Developing best practices and infrastructure around financial coaching and advising—how and who best to deliver it, in what way and how often, and other elements.

A program as large and as new as the Baby Bonds program, which covers more than 15,000 births each year and requires seeding individual accounts with a $3,200 investment for each child, requires robust infrastructure to support implementation, including ongoing communications with families. In Connecticut, since the passage of Baby Bonds legislation, it has been difficult to keep in touch with the families of Baby Bond recipients. The Connecticut Project is investing in infrastructure to solve these kinds of challenges so babies and their families can get the most from their Baby Bonds.

In partnership with Connecticut Office of the Treasurer, The Connecticut Project has engaged Slalom to develop a strategic implementation plan for the Connecticut Baby Bonds Program and Mars Consulting Partners to support the Office of the Treasure (OTT) with early implementation. The Connecticut Project has also invested in initiatives that will inform OTT's implementation of the program including the Connecticut Wealth Accelerator which is piloting an accelerated baby bonds pilot and first of its kind research led by the Yale School of Medicine in partnership with the New School on the transformative potential of baby bonds on the wellbeing of families. These investments have supported the State to build communications infrastructure, the research base for Baby Bonds, as well as create a plan for direct notifications and regular updates to keep families informed throughout the life of the program. This effort includes plugging in community-based organizations, which can be a critical resource for reaching families where they are, building trust, and ensuring engagement.

Recommendations for Philanthropy

Baby Bonds represent the kind of transformative, evidence-based approach to fostering economic equity that philanthropy is well suited to catalyze. Philanthropy is often a crucial driver for systems change with the ability to target public opinion, invest in social media campaigns, and engage local communities.

Working together with state and local officials, advocates, economists, and philanthropy can help define, improve, and reinforce efforts to advance a values-based reinvention of a state's future economy. This reinvention can happen through the provision of a meaningful asset to the economy's youngest members, giving them an economic lever to increase their opportunity to experience economic justice and engage in the pathways to realize prosperity. By focusing on children born with health coverage from Medicaid or public insurance (which in 2024 accounted for more than 41% of births in Connecticut), the policy is designed to substantially increase equitable economic opportunity and participation. As such, Baby Bonds policy and advocacy align with most philanthropic missions and values. **In this section, we identify eight ways philanthropy can invest and further the promise of Baby Bonds for Americans, including:**

- **Continue to build the case for systems change**
- **Support research and evaluation**
- **Invest in narrative change efforts**
- **Build momentum and alignment for policy change**
- **Build capacity for successful implementation**
- **Expand incentives and protections to ensure wealth building**
- **Engage community**
- **Convene stakeholders and build networks**

1) Continue to Build the Case for Systems Change

Baby Bonds are a well-researched, data-driven tool to create equitable opportunities for prosperity and wealth building. Unlike short-term poverty relief to address immediate basic needs, Baby Bonds are a long-term systemic solution to support asset-building and shared prosperity. Philanthropy can continue to be the catalyst for expanding availability of and public support for bold policy ideas like Baby Bonds. Prior to identifying public funds at scale, philanthropy will need to continue to support the idea and testing, both design and narrative, to create and sustain a groundswell of support for it. Philanthropy can catalyze expanding public-sector action by seeding pilots, supporting state-by-state adoption, and building momentum for future federal adoption.

2) Support Research and Evaluation

Baby Bonds build upon the best public policies for state action to raise the floor and create more equitable opportunity for economic participation as well as to build and strengthen the middle class. Baby Bonds are still nascent, giving philanthropy the opportunity to make meaningful and pioneering investments to support research and program evaluation that continue to build the research case for Baby Bonds.

Areas of focused research to fund could include:

- Longitudinal studies on the impacts of Baby Bonds to strengthen the evidence base.
- Economic modeling and policy simulations to inform optimal program design.
- Projection of expected, and documentation of realized, reductions in public assistance and homelessness as a result of the kickstart to economic security provided by the Baby Bonds.
- Exploration and documentation of the ongoing impacts of Baby Bonds on parent and caregiver mental and physical well-being, optimism and future planning, and civic engagement, including the benefits of knowing this asset is available even before distribution.
- Increase financial knowledge about asset-building for client families.
- Assessment of parent and community responses to develop local case-making for Baby Bonds as a mechanism to foster and sustain a thriving economy.
- Measurement of the impact on states and communities (rural and urban) retaining residents and how the aspirations and investments strengthen local and state economies.
- Documentation of links between Baby Bonds and a stable, local workforce with good jobs and business retention or expansion that strengthen local economies.
- Calculation of economic activity that is generated as a result of deploying Baby Bonds.
- Establishment of the link between Baby Bonds and mental health. (See: Transformative Potential of Baby Bonds on Mental Health)

Transformative Potential of Baby Bonds on Mental Health: Urban Institute Modeling identified many impacts that Baby Bonds could have on specific communities, including increase in wealth, decrease in student loans, and more equitable homeownership.[10] A 2025 research initiative proposed and led by Yale School of Medicine, The New School's Institute on Race, Power, and Political Economy and The Connecticut Project aims to explore the potential of Baby Bonds to support improved outcomes in mental health and well-being. The qualitative participatory research initiative will assess the health, economic, and social impacts of Baby Bonds.

3) Invest in Narrative Change Efforts

Philanthropy can drive research-aligned narrative change to combat ingrained stereotypes. For example, Baby Bonds are frequently confronted with the American myth that economic success is a function of effort and merit. This myth ignores the substantial public investment that was applied unevenly in the past, creating wealth for some and leaving others behind. For example, land grants, affordable and forgivable public loans, subsidies to support affordable private loans for wealth building, preferential tax breaks, and intergenerational wealth transfers have been offered to some but not all.

Philanthropy can invest in research that tells a different story. Narrative change can be especially powerful when it lifts up the stories and voices of families and communities impacted by these programs and celebrates their successes. Baby Bonds are a form of investment that tells a different, uniquely American, story supporting the possibilities for growth and innovation in an abundant economy. Narrative investments can be tailored to account for talking points that allow the story to reach a wide variety of audiences and engage support across a variety of different stakeholders. These investments in case-making, narrative, and data to drive policy are critical investments to expand access to Baby Bonds and increase their impact.

An early example of investment in narrative change efforts was Ford Foundation's 2015 investment in Umbrella's Don't Make it Rain[11] and Boot Straps Are For Black Kids,[12] two papers that contested the idea that racial wealth inequality was predicated on poor individual decision making rather than on structural choices. Such investments were an important part of bringing discourse on the racial wealth gap into mainstream American media and political discourse.

4) Build Momentum and Alignment for Policy Change

Philanthropy historically has played a key role in testing, scaling, and legitimizing innovative policy ideas (e.g., universal pre-K, earned income tax credit, guaranteed income cash transfers). Support for Baby Bonds aligns with philanthropic goals and the recognized impact of Baby Bonds on physical and mental health, children and families, and civic engagement; Baby Bonds are also recognized as an economic strategy to keep residents in a state by giving them a financial stake in the state's economy. As several states have already launched or proposed Baby Bonds programs and many more actively consider it in the coming years, philanthropic support for advocacy will support policy change.

Such investments can include:

- Seed funding for pilots to build support for statewide adoption.
- Innovation and learning at the local and state-level can inform and lead to federal policy that aligns with key elements of Baby Bonds.
- Capital and administrative funds to launch policy and advocacy infrastructure, including support for coalitions, community-based organizations, and think tanks advancing Baby Bonds legislation.
- Data-driven communications and narrative campaigns that build public understanding and support.

5) Build Capacity for Successful Implementation

Successful implementation requires short-term and long-term strategy and support. Philanthropy can bridge gaps between government programs and community needs, serving a key role in the effort to align state allies. Once authorizing legislation and appropriations or funding mechanisms have passed, philanthropic capital has unique strengths to fill critical implementation gaps. From technical know-how for state treasurers, understanding and supporting the added role played by child welfare agencies in identifying the automatically enrolled babies, and working with social services departments to ensure the systems do not erode the Baby Bonds value, to exploring the messaging and administrative infrastructure necessary to inform, build aspiration, disperse, track, and evaluate use and impact over time, philanthropy can be a key on-the-ground implementation partner.

Philanthropy and other on-the-ground partners will also be key to identifying implementation challenges early and ensuring programs are responsive to community and family needs. One such example is Connecticut's Financial Education Requirement; other similar stipulations can be one way to provide timely support for Baby Bonds recipients to utilize Baby Bonds for their intended purpose and protect against unethical or high risk schemes. Philanthropy can assist state or local governments in creating a reliable way to assess and develop a youth-friendly referral system for participating realtors, lenders, or financial advisors as part of the financial education.

6) Expand Incentives and Protections to Ensure Wealth Building

Philanthropy and financial institutions can look ahead and align efforts to incentivize and protect Baby Bonds endowments upon disbursement. Such efforts could be statewide or limited to historically disadvantaged zip codes or communities. They also can be limited to aligning with the beneficiaries' use of the funds for one of the approved purposes.

States will need to design implementation practices and policies to build the capacity and protection for these future wealth builders to maximize success. With the potential to tie the home purchase or small business startup or even postsecondary attendance to in-state expenditures, states can develop solutions that reflect the local context to increase success. For example, Baby Bonds could leverage matching investments that can increase the likelihood of debt free education and or increase access to the capital required for homeownership and business start-up. Baby Bond–funded startups could be supported with additional tax credits to make the wealth-building venture more likely to succeed. These and other solutions appropriate in the local context can create incentives and increase the beneficiary's wealth-building success. By funding continuing evaluations and sharing of the findings across programs, philanthropy can inform successful strategies and amplify impact among local governments and between states.

Philanthropy should act to ensure implementation with strong consumer protections that reduce the likelihood of unethical financial counselors and other bad actors. It must also safeguard against unreasonable fees, excessive churning, misrepresentation, fraud, or other risky investments that are misaligned with the beneficiary's goals. To get there, philanthropy could fund engagements with private systems, such as financial institutions (appraisers and loan officers), real estate brokers and agents, home builders, chambers of commerce and even healthcare systems, to assess their contributing roles and establish best practices to create inclusive and abundant wealth-building opportunities.

7) Engage Community

Successful implementation of Baby Bonds will require building and sustaining strong community engagement and voice. Philanthropy can invest in strengthening the financial health of nonprofit community ecosystems to build a network of trusted community members or "community ambassadors" who can inform and support Baby Bonds take up and deployment. Investment in inclusive, community-driven design processes that engage community members democratically will ensure that Baby Bonds address the needs and priorities of targeted communities, support future wealth-building opportunities, and aid seamless disbursement and take-up. Moreover, philanthropy's investment in wraparound services is critical to the long-term success of the Baby Bonds program for recipients and families. As these programs are sometimes met with skepticism, philanthropy has an important role in supporting the local nonprofit community and building institutional trust.

8) Convene Stakeholders and Build Networks

Field building and network building is another way that philanthropy can strengthen and expand Baby Bonds. Philanthropy is already engaged in convening a Community of Practice that connects policymakers, practitioners, researchers, and advocates working on Baby Bonds, enables cross-state learning and peer support, and convenes pilot leaders. These initiatives can aid resource and research sharing and case-making, as well as building public awareness. State leaders can share insights on "how to talk about Baby Bonds" with key stakeholders and continue to gain momentum across states and nationally.

Building the Field of Wealth Building for Advocates & Philanthropy: In January 2025, the Asset Funders Network (AFN) and The New School Institute on Race, Power and Political Economy hosted a stakeholder convening called *Innovations in Baby Bonds* at the New York Federal Reserve Bank, featuring research from Stanford University on how Baby Bonds and direct cash assistance, when paired together, amplify impact. The program brought together nearly 300 stakeholders—leaders in state policy, philanthropy, and nonprofit advocates—to learn together, build a cohesive narrative, and generate support for wealth-building policies.

Conclusion

Baby Bonds are a part of a holistic suite of policies that, taken together, can help people achieve short-term financial stability and long-term financial success and close wealth gaps over time. Baby bonds complement social security for older people and provide a more comprehensive economic security designed to provide capital finance from cradle through the end of life. Philanthropy has an important role to invest in expanding Baby Bonds as well as working with states to successfully implement the policy and build institutional trust.

There is a need for more—not less—policymaker, social, and private-sector collaboration to create pathways that disrupt the legacy effects of systemic discrimination and inequality that has settled into the economy. Cross-sector collaboration can help address the lack of inherited wealth and the challenges faced by families and communities lacking access to appropriate financial products, including savings, credit, insurance, and investment instruments that help protect and build wealth.

Government, private-sector, and nonprofit organizations can come together to advance Baby Bond initiatives, a data-driven public policy solution that helps narrow the wealth gap and support a more inclusive economy. Over the next decade, Baby Bonds will become more widely available, especially as philanthropy expands its values-based investments at the state level and works toward broader system change.

FOR MORE INFORMATION, VISIT

The New School Institute on Race, Power and Political Economy
racepowerpolicy.org

Asset Funders Network
assetfunders.org

Endnotes

1 Ana Hernández Kent, "The State of U.S. Household Wealth," Federal Reserve Bank of St. Louis, July 15, 2025, https://www.stlouisfed.org/community-development/publications/the-state-of-us-household-wealth.

2 Nadia Karamcheva, Joseph Kile, Xiaotong Niu, & Julie Topoleski, Trends in the Distribution of Family Wealth, 1989 to 2019, Report No. 57598, Congressional Budget Office, September 2022, https://www.cbo.gov/publication/57598.

3 Talmon Joseph Smith, "The Greatest Wealth Transfer in History Is Here, With Familiar (Rich) Winners," New York Times, May 23, 2023, https://www.nytimes.com/2023/05/14/business/economy/wealth-generations.html.

4 Kent, "The State of U.S. Household Wealth."

5 Margaret M. Clancy, Sondra G. Beverly, Mark Schreiner, Jin Huang, & Michael Sherraden, Financial Outcomes in a Child Development Account Experiment: Full Inclusion, Success Regardless of Race or Income, and Investment Growth for All, CSD Research Summary 21-06, Center for Social Development Brown School at Washington University, March 202, https://openscholarship.wustl.edu/cgi/viewcontent.cgi?article=1919&context=csd_research.

6 Jah'I Selassie, "Can $50 Really Put A Student On The Road To College?," Forbes, July 28, 2023, https://www.forbes.com/sites/jahlselassie/2023/07/28/can-50-really-put-a-student-on-the-road-to-college/?sh=6e1b10704cbc.

7 Madeline Brown, Marokey Sawo, & Ofronama Biu, "Baby Bonds Would Reduce Racial Wealth Inequities. Here's What Policymakers Need to Know," Urban Wire, October 4, 2023, Urban Institute, https://www.urban.org/urban-wire/baby-bonds-would-reduce-racial-wealth-inequities-heres-what-policymakers-need-know.

8 Madeline Brown, Ofronama Biu, Catherine Harvey, & Trina Shanks, The State of Baby Bonds, Brief, February 2023, Urban Institute, https://www.urban.org/research/publication/state-baby-bonds.

9 Devin Murphy, Zach Slobig, Christian Celeste Tate, Alina Clarke, & Logan Botts, "How Philanthropy Can Narrow the Racial Wealth Gap," The Bridgespan Group, May 29, 2024, https://www.bridgespan.org/insights/how-philanthropy-can-narrow-the-racial-wealth-gap.

10 Damir Cosic, Madeline Brown, Amalie Zonn, Sonia Torres Rodríguez , & Ofronama Biu, Modeling the Impact of a Federal Baby Bonds Program, Research Report, Urban Institute, December 2024, https://www.urban.org/sites/default/files/2024-12/Modeling-a-National-Baby-Bonds-Program_0.pdf.

11 Darrick Hamilton, William Darity Jr., Anne E. Price, Vishnu Sridharan, & Rebecca Tippett, Umbrellas Don't Make it Rain: Why Studying and Working Hard Isn't Enough for Black Americans, Insight Center for Commmunity Economic Development, April 2015, , https://www.insightcced.org/wp-content/uploads/2015/08/Umbrellas_Dont_Make_It_Rain_Final.pdf.

12 Yunju Nam, Darrick Hamilton, William A. Darity Jr., & Anne E. Price, Bootstraps Are for Black Kids: Race, Wealth, and the Impact of Intergenerational Transfers on Adult Outcomes, Research Brief, Insight Center for Community Economic Development, September 2015, https://socialequity.duke.edu/wp-content/uploads/2023/08/Bootstraps-are-for-Black-Kids-Sept.pdf.