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Colorado Baby Bonds Program Feasibility:

An Economic Evaluation and Policy Recommendations



by: Systems for Equity and Economic Dignity (SEED CO), a research team at the Colorado School of Public Health, University of Colorado Anschutz Medical Campus

A Final Report Prepared For:



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Executive Summary

Growing wealth inequality in Colorado makes it harder for many families to achieve long-term financial security. Baby Bonds are a policy solution that provides publicly funded accounts for eligible children at birth. Each account receives an initial government contribution that is invested until adulthood, when young adult recipients may access their funds for approved wealth-building uses, such as higher education, homeownership, entrepreneurship, or retirement savings. This report presents an economic case for a public Baby Bonds program in Colorado using a mixed methods economic evaluation. We used: (1) economic modeling, (2) qualitative interviewing with parents/caregivers, young adults, community-based organizations, and policymakers, and (3) a comparative analysis of Baby Bonds initiatives across jurisdictions. Together, findings inform policy recommendations for a feasible Colorado Baby Bonds program.

Key Takeaways

- 01** Without intervention, wealth inequality in Colorado would continue to grow. By age 35, White young adults in Colorado would have three times the median wealth of Black young adults and twice the median wealth of Hispanic young adults.
- 02** A sustainable funding model for a Colorado Baby Bonds program could combine one-time capital investments, dedicated revenue sources, and public-private contributions to birth cohorts while reducing reliance on annual appropriations.
- 03** Both targeted and universal Baby Bonds programs would reduce wealth inequality, with the largest reductions achieved through broader eligibility and larger initial contributions. A universal program would build **\$1.1 B** in new wealth per cohort.
- 04** Recommended key program design features include automatic enrollment, a substantial initial contribution, financial education with an emphasis on financial coaching, culturally-responsive family outreach and engagement, and prioritizing government-funded over family-funded contributions.

Policy Recommendations

A universal Baby Bonds program would achieve the greatest reductions in racial and geographic wealth inequalities by retirement age. Under this approach, every child born in Colorado would receive a publicly funded account at birth. If a universal program is cost-prohibitive, a targeted program with broader eligibility offers the strongest alternative, achieving similar reductions by age 35. By early adulthood, youth recipients could use their Baby Bonds to build wealth through higher education, home purchase, small business, or retirement savings. Clear communication and public education are essential to distinguish Baby Bonds from Section 530A accounts (Trump Accounts). Baby Bonds would be even more impactful if combined with other early-life economic policies that address both the immediate and long-term financial needs of families.

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Partners



Soul 2 Soul
SISTERS

colorado school of
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Definitions

529 Plan

A 529 plan is a tax-advantaged savings plan that helps families save for their children's education expenses. Money in the account grows tax-free, and withdrawals are generally tax-free when used for qualified education expenses, such as tuition, fees, books, supplies, and certain room-and-board costs.

Absolute wealth gap

Absolute wealth gap is calculated by subtracting the median wealth of one group from the median wealth of another group. It represents the dollar difference in wealth between the two groups.

Assets

Assets are resources with financial value that can be used to build wealth. Examples of assets include cash, savings, investments, home equity, real estate, and business ownership.

Baby Bonds

Baby Bonds are publicly funded accounts established for eligible children at birth. Each account receives an initial government contribution that is invested until adulthood, when young adult recipients may access their funds for approved wealth-building uses.

Beneficiaries

Beneficiaries in this study include parents/caregivers and young adults who may directly or indirectly benefit from a Baby Bonds program.

Child Development Accounts

Child Development Accounts (CDAs), also known as Children's Savings Accounts (CSAs), are savings or investment accounts established for children as early as birth. Depending on the program, the funds may be used to support future wealth-building goals, such as higher education.

Cash transfers

Cash transfers are direct monetary payments, often provided by governments or nonprofit organizations, to eligible individuals or households.

Financial coaching

Financial coaching is a form of financial education that provides participants with one-on-one guidance to build the knowledge, skills, and confidence needed to achieve their individual wealth-building goals.

Financial education

Financial education provides instruction, resources, and a supportive community to help participants build the knowledge, skills, and confidence needed to make informed financial decisions and achieve their wealth-building goals.

Income

Income is money that comes from employment, investment returns, rental property earnings, and other sources.

Implementers

Implementers in this study comprise policy administrators, government officials, and community nonprofit group leaders involved in ongoing or potential Baby Bonds policy and implementation.

Median wealth

Median wealth is the amount of wealth at the midpoint of the population, where half of households have more wealth and half have less wealth. Median wealth is often preferred over average (mean) wealth because the mean can be heavily influenced by a small number of very wealthy households.

Microsimulation modeling

Microsimulation modeling is used to estimate the long-term impacts of an intervention on individuals. A microsimulation model is a computer-based method that can simulate how youth from different backgrounds may be impacted by a Baby Bonds program.

Relative wealth gap ratio

Relative wealth gap ratio is calculated by dividing the median wealth of one group by the median wealth of another group. A ratio of 2 means one group has twice the median wealth of another group. A ratio closer to 1 indicates perfect wealth equality.

Social drivers of health

Social drivers or determinants of health (SDoH) are the non-medical factors that influence health outcomes. They are the conditions in which people are born, grow, work, live, worship, and age. These conditions include a wide set of forces and systems that shape daily life such as economic policies and systems, development agendas, social norms, social policies, and political systems.

Trust fund

For the purposes of this report, a trust fund refers to the legal and administrative account structure through which assets are held, managed, and safeguarded on behalf of a child.

Wealth

Wealth, or net worth, is the total value of assets minus debts.

Wealth inequality

Wealth inequality is the unequal distribution of wealth that contributes to differences in financial security, economic opportunity, and long-term well-being across individuals or groups.

Introduction

Baby Bonds are publicly funded accounts established for eligible children at birth.¹ Each account receives an initial government contribution that is invested until adulthood, when young adult recipients may access their funds for approved wealth-building uses, such as higher education, homeownership, entrepreneurship, or retirement savings.

Baby Bonds were first proposed by Darrick Hamilton and William Darity Jr. in 2010 as a promising strategy to reduce wealth inequality, particularly persistent racial wealth inequalities.¹ Recently, public support has grown for early-life economic and wealth-building policies, including Baby Bonds.^{2–5}

Connecticut is the first state in the United States (U.S.) to implement a Baby Bonds program, enrolling children born with Medicaid coverage on or after July 1, 2023. Each eligible child receives a \$3,200 initial government contribution into a state-managed trust fund that is expected to grow to ~\$11,000–\$24,000 by early adulthood. More than a dozen states have proposed Baby Bonds legislation, and several states—including Colorado—are piloting similar programs.⁶

In August 2025, **The Colorado Fiscal Institute (CFI) and Soul 2 Soul Sisters (S2SS)** launched a feasibility study to assess how a public Baby Bonds program could be implemented in Colorado state.

This effort followed the 2024 legislative session, during which [House Bill 24-1297](#) which would have directed the State Treasurer to evaluate the feasibility of and provide policy recommendations for a Baby Bonds program, did not pass.

The Systems for Equity and Economic Dignity (SEED CO) research team

based at the Colorado School of Public Health in Aurora, Colorado was selected to conduct this feasibility study.

The purpose of this report is to present a comprehensive economic evaluation and policy analysis of a public Baby Bonds program in Colorado. Specifically, it assesses the program costs, wealth accumulation, feasibility, sustainability, and potential socioeconomic impacts.

The study examines existing racial wealth and geographic inequalities, evaluates how alternative Baby Bonds program designs may impact those inequalities, and identifies potential funding mechanisms within the constraints of the Taxpayer's Bill of Rights (TABOR).

To complete the economic evaluation, we use a mixed methods study design in which quantitative and qualitative approaches are conducted concurrently and inform one another. We also supplement with a comparative policy analysis to provide a review of existing Baby Bonds programs and policies.



Our mixed methods economic evaluation includes the following three components:

01 Quantitative economic microsimulation model

to estimate program costs, project long-term impacts on wealth inequality, and evaluate alternative program designs.

02 Qualitative community-engaged interviews

including semi-structured interviews and implementation science frameworks, to assess the feasibility, acceptability, appropriateness, sustainability, and equity implications of Baby Bonds among families, community-based organizations, and policymakers.

03 Comparative policy review

of Baby Bonds initiatives in other jurisdictions to identify promising program design features and inform a sustainable funding model for Colorado.

Given the recent emergence of Baby Bonds legislation and pilot programs, to our knowledge, no economic evaluation has yet examined a Colorado-specific Baby Bonds program. This study aims to provide Colorado families, policymakers, community organizations, and implementation partners with rigorous evidence to inform the design of a feasible, sustainable, and equity-focused Baby Bonds program.

Methods

Overview: A Mixed Methods Economic Evaluation

This mixed-methods economic evaluation and comparative policy analysis assessed the economic impacts and a sustainable funding model for a Colorado Baby Bonds program, with attention to political feasibility, fiscal sustainability, and equity implications.

We used a **convergent mixed methods design** that combined: (1) quantitative microsimulation modeling, (2) qualitative interviewing, and (3) a comparative policy analysis of past case studies. This approach generated estimates of Colorado's wealth inequality and costs of

alternative Baby Bonds program designs, alongside perspectives from parents/caregivers, young adults, community-based organizations, and policymakers. Findings were used to develop policy recommendations tailored to Colorado's fiscal and policy context. Key considerations included distributional equity, revenue potential, legal constraints, and administrative complexity within Colorado's TABOR-constrained environment. The evaluation was conducted from August 2025 to June 2026. See **Appendix Table A1** for data sources and justification.





Study Objectives

We used a mixed methods economic evaluation to address **four study objectives**.

01 Assess Baseline Wealth Inequality in Colorado

1A: What are the current patterns of wealth inequality in Colorado by race/ethnicity and geography?

1B: How does intergenerational wealth transfer contribute to persistent wealth inequality by race/ethnicity and geography?

02 Identify Sustainable Revenue Sources

2A: What state-level funding mechanisms could sustainably support the financing of Baby Bonds within Colorado's TABOR limitations?

2B: Which ballot-based and equity-oriented policy approaches are most viable for advancing a fiscally sustainable Baby Bonds program?

03 Evaluate Fiscal Feasibility and Policy Impact

3A: What are the program costs and long-term impacts of Baby Bonds on wealth inequality under different eligibility criteria and contribution structures?

3B: What are the feasibility, acceptability, appropriateness, and sustainability of a Colorado Baby Bonds program?

04 Provide Baby Bonds Policy Recommendations

4A: What key program design features are recommended for an effective public Baby Bonds program in Colorado?

4B: What legislative pathways and community-informed strategies can best support the feasible, sustainable, and equitable Baby Bonds implementation in Colorado.

Quantitative Method

The quantitative analysis used an economic microsimulation model to project the long-term wealth impacts of a hypothetical Baby Bonds program implemented in Colorado in 2026.

A microsimulation is a computer-based modeling approach that simulates the experiences of individual children with different demographic characteristics to estimate how long-term outcomes may change under different policy scenarios, including with and without Baby Bonds.

Our model simulated a cohort of Colorado children born in 2026 under three policy strategies: (1) Baseline (no Baby Bonds), (2) Targeted Baby Bonds for children born with Medicaid coverage, and (3) Universal Baby Bonds for all children.

The model was developed using three national survey datasets: the Panel Study of Income Dynamics (PSID), the National Center for Health Statistics (NCHS) Natality Files, and the American Community Survey (ACS).

We used longitudinal data from the Panel Study of Income Dynamics (2009–2023) and statistical models to estimate wealth accumulation over time. The statistical models (generalized linear regression) accounted for age, race/ethnicity, geography, state of residence, and Medicaid or other eligibility criteria.

We used cross-sectional NCHS Natality data (2022–2024) to estimate the proportions of Colorado births and Medicaid-covered births by race/ethnicity and geography. However, NCHS data cannot be used to estimate alternative eligibility criteria because they do not include the information needed to identify eligible children.

We used cross-sectional ACS data (2024) to estimate the proportions of children meeting alternative eligibility criteria, including Medicaid eligibility, Child Health Plan Plus (CHP+) eligibility, and Family Affordability Tax Credit (FATC) eligibility. Children under age 18 were included to improve sample size.

All estimates were generated separately by race/ethnicity (Non-Hispanic White, Non-Hispanic Black, and Hispanic) and geography (metropolitan and nonmetropolitan). Results for other demographic groups were not reported because of small sample sizes.

Eligible children were assumed to receive an initial government contribution of \$3,200 Baby Bonds at birth, which was invested at a 5% annual real rate of return with no additional contributions (**Table 1**). At age 18, these funds become available for approved wealth-building uses, such as higher education, homeownership, entrepreneurship, or retirement savings.

Table 1. Evaluated Model Parameters of a Colorado Baby Bonds Program

Model Input Parameter	Main estimate	Low estimate	High estimate
Initial contribution	\$3,200	\$500	\$8,000
Annual contribution	\$0	\$0	\$2,000
Interest rate	5%	2%	12%

We conducted uncertainty analyses to evaluate alternative Baby Bonds program designs. This included one-way sensitivity analyses, in which the model inputs (initial contribution, annual contribution, and interest rate) were each varied individually while all other inputs were held constant.

We also conducted scenario analyses to evaluate alternative eligibility criteria (Medicaid, CHP+, and FATC) and alternative policy designs, including Section 530A accounts (Trump Accounts) and the American Opportunity Accounts Act (AOAA).

We reported economic outcomes, including total program cost per birth cohort, total wealth accumulation per birth cohort, median wealth accumulation by demographic group, Gini coefficient, absolute wealth gap, and relative wealth gap ratio. Results are reported in constant 2026 U.S. dollars. Inflation was not incorporated because the assumed 5% annual growth rate represents a real rate of return.



Qualitative Method

This study used community-engaged qualitative methods to explore the feasibility, sustainability, and equity implications of a public Baby Bonds program in Colorado.

Approved by the Colorado Multiple Institutional Review Board (#25-1640), the study included semi-structured interviews with two key participant groups: (1) **“beneficiaries,”** including caregivers and young adults from diverse backgrounds across Colorado and (2) **“implementers,”** including policy administrators, government officials, and community nonprofit group leaders across the U.S.

We iteratively developed the interview guides through a literature review and expert consultation with the Colorado Community Advisory Committee and Wealth-Building Policy Committee, both convened by Gary Community Ventures and Impact Charitable.

We conducted pilot interviews to refine the interview guides, including question wording, definitions, and demographic data collection procedures. To reduce fraudulent participation, we added quality-control measures, including CAPTCHA verification within the screening survey, brief open-ended questions, and cross-validation of participant information (name, phone number, and IP address).

We recruited participants through

community partners and professional networks using convenience and snowball sampling methods. Recruitment materials were available in English, Spanish, and Vietnamese.

Eligible participants were Colorado-born adults who currently resided in Colorado and were either (1) caregivers of a child under age 18 or (2) young adults aged 18–25 years, who had ever received public benefits (e.g., Medicaid). Interviews lasted up to 50 minutes.

Participants received a \$50 electronic gift card in recognition of their time and participation, although some implementers declined compensation due to organizational or professional policies. Language interpretation services were provided as needed.

Data were collected via Zoom, and demographic information was collected through REDCap. Interview data were audio-recorded, transcribed, and analyzed using a deductive and inductive thematic analysis approach.

Descriptive content analysis was used to summarize the prevalence and distribution of key policy preferences and implementation considerations. Deductive coding was guided by the Exploration, Preparation, Implementation, Sustainment (EPIS) Framework⁷ and examined contextual factors related to feasibility, acceptability, appropriateness, and sustainability.

Inductive coding was used to identify emerging themes until reaching thematic saturation, the point at which additional interviews yielded no new themes.

Qualitative coding and analysis were supported by natural language processing tools through AILYZE,⁸ a HIPAA-compliant qualitative analysis platform used to transcribe and translate interview recordings, generate

preliminary codes and themes, and synthesize responses across interview questions.

As a research team, we reviewed and interpreted all outputs as part of the final analytic process. Findings identified the barriers, facilitators, and policy considerations for the feasible, sustainable, and equitable Baby Bonds implementation in Colorado.

Comparative Policy Review Method

We conducted a comparative policy analysis of Baby Bonds initiatives across jurisdictions to identify program design features, implementation strategies, and funding mechanisms relevant to Colorado.⁹ Building on prior research—including a narrative review of state and federal Baby Bonds¹⁰ proposals and insights from a [Colorado early wealth-building demonstration project led by Impact Charitable in partnership with Gary Community Ventures](#)—this policy analysis was conducted in consultation

with community partners and guided by Ajzen's Theory of Planned Behavior,¹¹ a framework for understanding how attitudes, perceived norms, and contextual factors may influence support for and adoption of Baby Bonds. Complementing the study's quantitative and qualitative findings, this comparative analysis informed policy recommendations and identified key opportunities and challenges for the feasible, sustainable, and equitable Baby Bonds implementation in Colorado.



Results

Summary of Key Findings

Key Takeaway #1

In Colorado, the median household wealth was \$265,600 in 2023–2024. Without intervention, wealth inequality in Colorado would continue to grow. By age 35, White young adults in Colorado would have **three times** the median wealth of Black young adults and **twice** the median wealth of Hispanic young adults. Young adults in nonmetropolitan areas of Colorado would have higher median wealth but lower mean wealth than young adults in metropolitan areas.

Key Takeaway #3

Both targeted and universal Baby Bonds programs would substantially reduce racial wealth inequality and modestly reduce geographic wealth inequality. Broader eligibility and larger initial government contributions would lead to even greater reductions.

A targeted program providing a \$3,200 initial contribution for babies born with Medicaid coverage (~22,000 annually) over five years could require **~\$352 million** in state seed investment, compared with **~\$1 billion** for a universal program covering all babies (~63,000 annually). Each Baby Bond would grow to **\$7,334** by age 18. A universal program would generate **\$1.1 billion** in new wealth per birth cohort by age 35.

Key Takeaway #2

A sustainable funding model for a Colorado Baby Bonds program could combine one-time capital investments, dedicated revenue sources, and public-private contributions to birth cohorts while reducing reliance on annual appropriations.

Key Takeaway #4

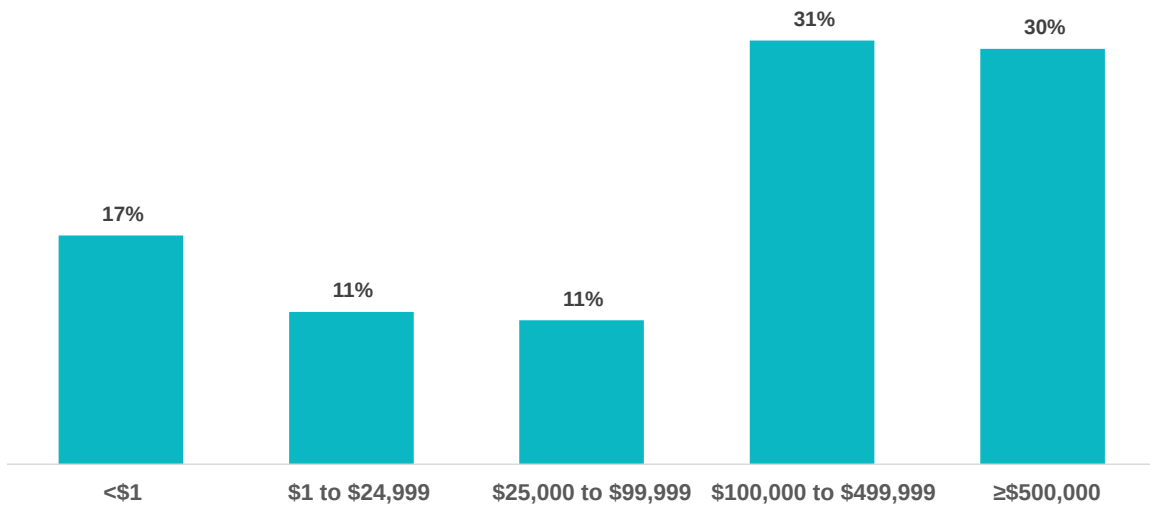
Recommended key program design features of Baby Bonds include automatic enrollment, a substantial initial government contribution, financial education with an emphasis on financial coaching, culturally-responsive family outreach and engagement, and prioritizing government-funded over family-funded contributions.

A universal program covering all babies would achieve the greatest reductions in racial and geographic wealth inequalities by retirement age. If a universal program is cost-prohibitive, a targeted program with broader eligibility offers the strongest alternative, achieving similar reductions in wealth inequalities by age 35.

Quantitative Findings

Wealth is unevenly distributed in Colorado. In Colorado, the median household wealth was **\$265,600** in 2023–2024. **Figure 1** shows that approximately 17% of Colorado households have zero or negative wealth (net worth).

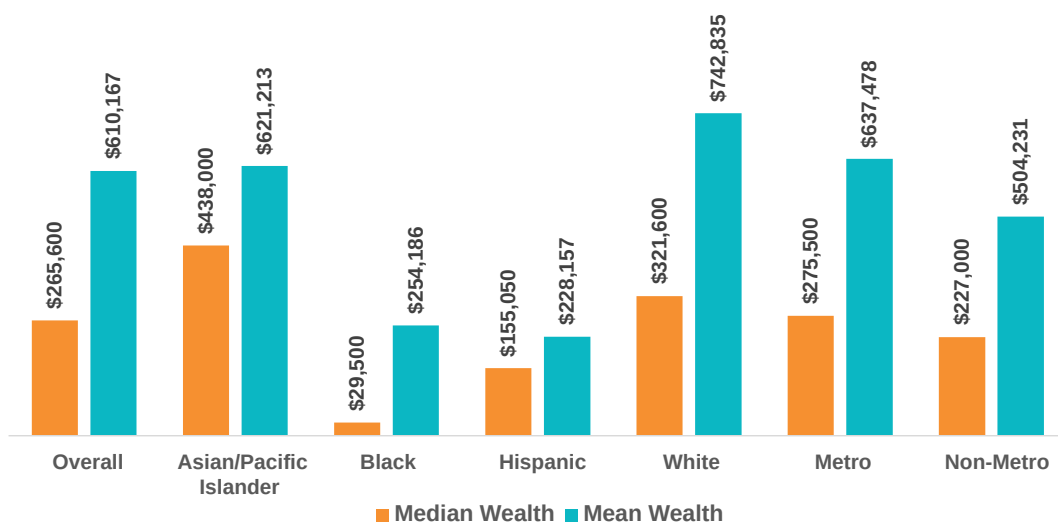
Figure 1. Proportion of Colorado Households by Wealth Band, 2023-2024



Data Source: PSID data, 2023

Colorado also faces racial and geographic wealth inequalities. **Figure 2** shows that White households hold more wealth than Black and Hispanic households, and metropolitan households hold more wealth than nonmetropolitan households, across all ages.

Figure 2. Wealth by Demographic Group in Colorado, 2023-2024



Data Source: PSID data, 2023

The closer the wealth gap ratio is to 1, the more equal wealth is between the two groups. Without intervention, wealth inequality in Colorado would continue to grow. At baseline, White young adults would accumulate **~3 times** the median wealth of Black young adults and **~2 times** the median wealth of Hispanic young adults by age 35 (**Table 2**).

Under targeted and universal Baby Bonds programs, the White–Black and White–Hispanic wealth gap ratios would decline to **2.3** and **1.7**, respectively. **A universal program** would reduce the relative wealth gap ratio (because an equal contribution has a larger proportional effect on lower-wealth households), but not the absolute wealth gap. **A targeted program** would reduce both wealth gap ratios and absolute wealth gaps.¹² Each Baby Bond would grow to **\$7,334** by age 18. Total annual program costs are **\$70 million** for the targeted strategy and **\$201 million** for the universal strategy. Total wealth accumulation is **\$4.5 billion** under the baseline, **\$4.7 billion** under the targeted strategy, and **\$5.6 billion** under the universal strategy by age 35.

Table 2. Projected Median Wealth by Demographic Group at Age 35

	Baseline (No Baby Bonds)			Targeted Medicaid Baby Bonds (n=21,890)			Universal Baby Bonds (n=62,703)		
Group	Median Wealth	Absolute Wealth Gap	Relative Wealth Gap Ratio	Median Wealth	Absolute Wealth Gap	Relative Wealth Gap Ratio	Median Wealth	Absolute Wealth Gap	Relative Wealth Gap Ratio
Total	\$71,792	NA	NA	\$78,665	NA	NA	\$89,443	NA	NA
White	\$94,276	Ref	Ref	\$97,493	Ref	Ref	\$111,927	Ref	Ref
Black	\$30,551	\$63,725	3.09	\$42,514	\$54,979	2.29	\$48,202	\$63,725	2.32
Hispanic	\$46,665	\$47,611	2.02	\$55,936	\$41,557	1.74	\$64,316	\$47,611	1.74
Metro	\$69,898	Ref	Ref	\$76,924	Ref	Ref	\$87,549	Ref	Ref
Non-Metro	\$86,266	-\$22,568	0.81	\$92,361	-\$15,437	0.83	\$103,917	-\$16,368	0.84

Model assumes a \$3,200 initial contribution, \$0 annual contribution, and 5% interest rate. **Data sources:** NCHS Natality data, 2022–2024, were used to estimate Medicaid-covered births rates. PSID data, 2009–2023, were used to estimate median wealth at age 35, the final age at which Baby Bonds funds can be used under the Massachusetts proposal. **Acronyms:** Metro=metropolitan; NA=not applicable; Non-Metro=nonmetropolitan; Ref=Reference group

Table 3 and **Figure 3** present the projected median wealth accumulation across ages. A universal Baby Bonds program covering all babies (n=62,703) would achieve the greatest reductions in racial and geographic wealth inequalities by retirement age (e.g., 65) in Colorado. A targeted program by Medicaid coverage (n=21,890) would also achieve similar reductions in wealth inequalities among young adults by age 35.

The projected median wealth is higher among nonmetropolitan than metropolitan households in Colorado. This finding should be interpreted cautiously because PSID's nonmetropolitan classification may not align closely with Colorado's rural communities, the nonmetropolitan sample is substantially smaller than the metropolitan sample. In contrast, **Appendix Table A2** demonstrates that the *projected mean wealth* is generally lower among nonmetropolitan than metropolitan households in Colorado.

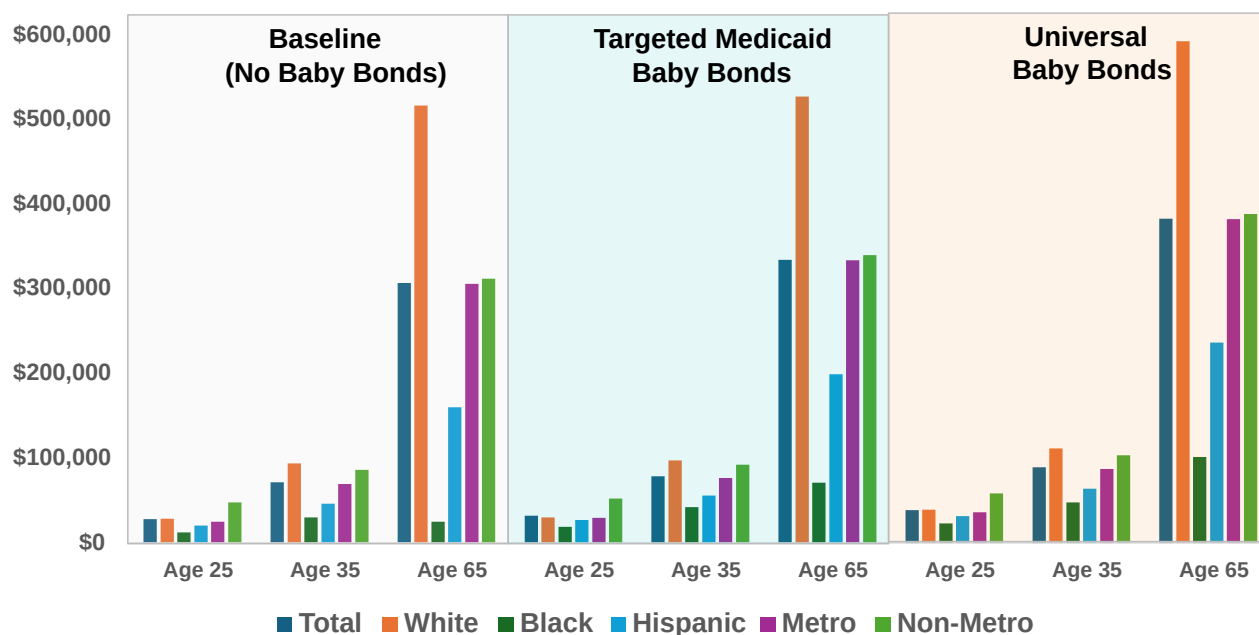
Table 3. Projected Median Wealth by Demographic Group and Age

	Baseline (No Baby Bonds)			Targeted Medicaid Baby Bonds			Universal Baby Bonds		
Group	Age 25	Age 35	Age 65	Age 25	Age 35	Age 65	Age 25	Age 35	Age 65
Total	\$28,311	\$71,792	\$307,096	\$32,458	\$78,665	\$334,520	\$39,147	\$89,443	\$383,383
White	\$28,645	\$94,276	\$516,583	\$30,242	\$97,493	\$527,403	\$39,481	\$111,927	\$592,871
Black	\$12,613	\$30,551	\$25,398	\$19,346	\$42,514	\$71,452	\$23,450	\$48,202	\$101,686
Hispanic	\$20,843	\$46,665	\$160,359	\$27,137	\$55,936	\$199,463	\$31,679	\$64,316	\$236,647
Metro	\$25,448	\$69,898	\$306,311	\$29,922	\$76,924	\$333,943	\$36,284	\$87,549	\$382,598
Non-Metro	\$48,016	\$86,266	\$312,371	\$52,490	\$92,361	\$339,929	\$58,852	\$103,917	\$388,658
Gini Coefficient									
All	0.269	0.262	0.253	0.268	0.261	0.256	0.266	0.259	0.244
Absolute Wealth Gap									
White : Black	\$16,032	\$63,725	\$491,185	\$10,896	\$54,979	\$455,951	\$16,031	\$63,725	\$491,185
White : Hispanic	\$7,802	\$47,611	\$356,224	\$3,105	\$41,557	\$327,940	\$7,802	\$47,611	\$356,224
Metro : Non-Metro	-\$22,568	-\$16,368	-\$6,060	-\$22,568	-\$15,437	-\$5,986	-\$22,568	-\$16,368	-\$6,060
Relative Wealth Gap Ratio									
White : Black	2.27	3.09	20.34	1.56	2.29	7.38	1.68	2.32	5.83
White : Hispanic	1.37	2.02	3.22	1.11	1.74	2.64	1.25	1.74	2.51
Metro: Non-Metro	0.53	0.81	0.98	0.57	0.83	0.98	0.62	0.84	0.98

Model assumes a \$3,200 initial contribution, \$0 annual contribution, and 5% interest rate. Gini coefficient ranges from 0 (perfect equality) to 1 (perfect inequality), with lower values indicating less wealth inequality. **Data sources:** NCHS Natality data, 2022–2024, were used to estimate Medicaid-covered births rates. PSID data, 2009–2023, were used to estimate median wealth. **Acronyms:** Metro=metropolitan; NA=not applicable; Non-Metro=nonmetropolitan; Ref=Reference group



Figure 3. Projected Median Wealth by Demographic Group and Age



The Gini coefficient ranges from 0 (perfect equality) to 1 (perfect inequality). Gini coefficients are similar across strategies, suggesting that Baby Bonds may have limited effects on the overall population-level wealth inequality despite improving racial wealth inequality. Substantial reductions in population-level wealth inequality would likely require Baby Bonds to be combined with other early-life economic programs.

Table 4 shows how different program designs (varying initial contributions, annual contributions, or interest rates) impact the projected median wealth outcomes. Under a universal program, the projected median wealth outcome is most sensitive to annual contributions and interest rates, increasing by up to 139% and 169%, respectively.

Table 4. Impact of Key Program Assumptions on Projected Median Wealth

	Targeted Medicaid Baby Bonds				Universal Baby Bonds			
	Low Estimate		High Estimate		Low Estimate		High Estimate	
Model Inputs	Median Wealth	Percent change from Main Estimate	Median Wealth	Percent change from Main Estimate	Median Wealth	Percent change from Main Estimate	Median Wealth	Percent change from Main Estimate
Initial Contribution	\$72,906	-7.3%	\$89,250	13.5%	\$74,550	-16.7%	\$115,920	29.6%
Annual Contribution	\$78,665	0.0%	\$134,757	71.3%	\$89,443	0.0%	\$213,819	139.1%
Real Interest Rate	\$74,457	-5.3%	\$148,815	89.2%	\$78,191	-12.6%	\$240,750	169.2%

Main estimate for initial contribution is \$3,200, low estimate is \$500 (based on D.C.'s proposal), and high estimate is \$8,000 (based on California's proposal). Main estimate for annual contribution is \$0, low estimate is \$0 (based on Connecticut program), and high estimate is \$2,000 (based on federal proposal). Main estimate for interest rate is 5% (based on Georgia's proposal), low estimate is 2%, and high estimate is 12% to cover a broad range. Results are reported at age 35, the final age at which Baby Bonds funds can be used under the Massachusetts proposal.

Table 5 shows how different contribution amounts impact the projected wealth outcomes. Findings suggests that a meaningful disbursement amount at age 18 (at least \$20,000, based on our qualitative findings) could be achieved through either a substantial initial government contribution (~\$8,750 at 5% interest, not shown) or a combination of initial and annual contributions. Annual contributions could come from public, private, or family sources. For example, families could be encouraged to establish their own separate, family-managed accounts (e.g., 529 accounts)¹³ for their children rather than contribute directly to state-managed Baby Bonds accounts.

Table 5. Impact of Contribution Amounts on Projected Wealth Outcomes

Model Inputs		Model Outputs				
			Targeted Medicaid Baby Bond		Universal Baby Bond	
Initial Contribution	Annual Contribution	Baby Bonds Fund at Age 18	Median Wealth at Age 35	Total Program Cost (in millions)	Median Wealth at Age 35	Total Program Cost (in millions)
\$500	\$0	\$1,146	\$72,906	\$10.9 M	\$74,550	\$31.4 M
\$500	\$500	\$14,066	\$85,309	\$197.0 M	\$105,644	\$564.3 M
\$500	\$2,000	\$52,827	\$127,394	\$755.2 M	\$198,926	\$2,163.3 M

\$3,200	\$0	\$7,334	\$78,665	\$70.0 M	\$89,443	\$200.6 M
\$3,200	\$500	\$20,255	\$91,053	\$256.1 M	\$120,537	\$733.6 M
\$3,200	\$2,000	\$59,015	\$134,757	\$814.3 M	\$213,819	\$2,332.6 M
\$8,000	\$0	\$18,336	\$89,250	\$175.1 M	\$115,920	\$501.6 M
\$8,000	\$500	\$31,256	\$102,684	\$361.2 M	\$147,014	\$1,034.6 M
\$8,000	\$2,000	\$70,017	\$148,580	\$919.4 M	\$240,296	\$2,633.5 M

Model assumes a \$3,200 initial contribution, \$0 annual contribution, and 5% interest rate. **Data sources:** NCHS Natality data, 2022–2024, were used to estimate Medicaid–covered births rates. PSID data, 2009–2023, were used to estimate median wealth at age 35, the final age at which Baby Bonds can be used under the Massachusetts proposal.

Table 6 reports the projected wealth outcomes under alternative eligibility criteria for a targeted Baby Bonds program. We found that results for Medicaid–covered children were similar across the NCHS Natality Files and ACS, suggesting that the ACS is a suitable data source for evaluating alternative eligibility criteria.

Based on the ACS 2024 data, approximately **32.4%** of children under age 18 are covered by Medicaid, **16.8%** are Medicaid–eligible, **34.4%** are CHP+–eligible, and **37.0%** are FATC–eligible (not shown). Medicaid eligibility may be underestimated because ACS does not identify all qualifying pathways, including disability–related eligibility.

Results suggest that a broader eligibility criteria would lead to larger reductions in racial and geographic wealth inequalities by making more children eligible for Baby Bonds.

Table 6. Alternative Scenarios: Different Eligibility Criteria for a Targeted Baby Bonds Program

	Median Wealth	Absolute Wealth Gap	Relative Wealth Gap Ratio
Scenario 1: Medicaid Coverage for Children at Birth Using NCHS Natality Data^A			
Total	\$78,665	NA	NA
White	\$97,493	Ref	Ref
Black	\$42,514	\$54,979	2.29
Hispanic	\$55,936	\$41,557	1.74

Metro	\$76,924	Ref	Ref
Non-Metro	\$92,361	-\$15,437	0.83
Scenario 2: Medicaid Coverage for Children Under Age 18 Using ACS Data			
Total	\$77,459	NA	NA
White	\$97,405	Ref	Ref
Black	\$42,454	\$54,951	2.29
Hispanic	\$54,235	\$43,170	1.80
Metro	\$75,691	Ref	Ref
Non-Metro	\$90,771	-\$15,080	0.83
Scenario 3: Medicaid Eligibility for Children Under Age 18 Using ACS Data			
Total	\$75,593	NA	NA
White	\$103,475	Ref	Ref
Black	\$19,721	\$83,754	5.25
Hispanic	\$49,176	\$54,299	2.10
Metro	\$74,128	Ref	Ref
Non-Metro	\$86,678	-\$12,550	0.86
Scenario 4: Child Health Plan Plus (CHP+) Eligibility for Children Under Age 18 Using ACS Data			
Total	\$76,555	NA	NA
White	\$96,482	Ref	Ref
Black	\$28,530	\$67,952	3.38
Hispanic	\$53,259	\$43,223	1.81
Metro	\$75,368	Ref	Ref
Non-Metro	\$85,205	-\$9,837	0.88

Scenario 5: Family Affordability Tax Credit Eligibility for Children Under Age 18 Using ACS Data			
Total	\$123,136	NA	NA
White	\$138,057	Ref	Ref
Black	\$69,458	\$68,599	1.99
Hispanic	\$98,999	\$39,058	1.39
Metro	\$121,777	Ref	Ref
Non-Metro	\$134,078	-\$12,301	0.91

Model assumes a \$3,200 initial contribution, \$0 annual contribution, and 5% interest rate. **Data sources:** NCHS Natality data, 2022–2024, were used to estimate Medicaid-covered births rates. PSID data, 2009–2023, were used to estimate median wealth at age 35, the final age at which Baby Bonds funds can be used under the Massachusetts proposal. ACS data, 2024, were used to estimate alternate eligibility criteria among children under age 18 to increase sample size relative to younger age groups. **Acronyms:** ACS=U.S. Census Bureau American Community Survey; Metro=metropolitan; NA=not applicable; NCHS=National Center for Health Statistics; Non-Metro=nonmetropolitan; Ref=Reference group

Table 7 compares the projected wealth outcomes under alternative policies, including Section 530A accounts (Trump Accounts) and the AOAA. Among the policies examined, 530A accounts produce the least favorable results, resulting in the smallest reductions in wealth gap ratios. In contrast, the AOAA produces larger reductions in wealth gap ratios than either the targeted or universal Baby Bonds program. Applying the AOAA's progressive annual contribution structure with a larger initial contribution of \$3,200 produces the greatest reductions in wealth gap ratios.

Table 7. Alternative Scenarios: Trump Accounts and the American Opportunity Accounts Act

	Median Wealth	Absolute Wealth Gap	Relative Wealth Gap Ratio
Scenario 1: Trump Accounts-only			
Total	\$74,094	NA	NA
White	\$95,279	Ref	Ref
Black	\$33,508	\$61,771	2.84
Hispanic	\$49,545	\$45,734	1.92

Metro	\$72,061	Ref	Ref
Non-Metro	\$88,345	-\$16,284	0.82
Scenario 2: Targeted Medicaid-Covered Baby Bonds			
Total	\$78,665	NA	NA
White	\$97,493	Ref	Ref
Black	\$42,514	\$54,979	2.29
Hispanic	\$55,936	\$41,557	1.74
Metro	\$76,924	Ref	Ref
Non-Metro	\$92,361	-\$15,437	0.83
Scenario 3: Universal Baby Bonds			
Total	\$89,443	NA	NA
White	\$111,927	Ref	Ref
Black	\$48,202	\$63,725	2.32
Hispanic	\$64,316	\$47,611	1.74
Metro	\$87,549	Ref	Ref
Non-Metro	\$103,917	-\$16,368	0.84
Scenario 4: Universal Baby Bonds under American Opportunity Accounts Act (AOAA)			
Total	\$104,315	NA	NA
White	\$127,543	Ref	Ref
Black	\$58,586	\$68,957	2.18
Hispanic	\$89,942	\$37,601	1.42
Metro	\$102,051	Ref	Ref
Non-Metro	\$122,757	-\$20,706	0.83

Scenario 5: Universal Baby Bonds with Progressive Annual Contributions

Total	\$116,450	NA	NA
White	\$139,678	Ref	Ref
Black	\$70,721	\$68,957	1.98
Hispanic	\$102,077	\$37,601	1.37
Metro	\$114,186	Ref	Ref
Non-Metro	\$134,892	-\$20,706	0.85

Scenarios 1 assumes a \$1,000 initial contribution and \$0 annual contribution. Scenarios 2 and 3 assume a \$3,200 initial contribution and \$0 annual contribution. Scenario 4 assumes a \$1,000 initial contribution and a progressive annual contribution based on the [AAOA](#).¹⁴ Scenario 5 assumes a \$3,200 initial contribution and a progressive annual contribution based on the AAOA. All Scenarios assume 5% interest rate. **Data sources:** NCHS Natality data, 2022–2024, were used to estimate Medicaid-covered births rates. PSID data, 2009–2023, were used to estimate median wealth at age 35, the final age at which Baby Bonds funds can be used under the Massachusetts proposal.

Acronyms: Metro=metropolitan; NA=not applicable; Non-Metro=nonmetropolitan; Ref=Reference group

In summary, wealth is unevenly distributed in Colorado, with substantial racial wealth inequalities and more modest geographic inequalities. Without intervention, wealth inequality in Colorado would continue to grow over time.

A universal Baby Bonds program would achieve the greatest reductions in racial and geographic wealth inequalities by retirement age (e.g., 65) in Colorado. A targeted program by Medicaid coverage would also achieve similar reductions in wealth inequalities by age 35.

A targeted program providing a \$3,200 initial contribution for babies born with Medicaid coverage (~22,000 annually) over five years could require **~\$352 million** in state seed investment, compared with **~\$1 billion** for a universal program covering all babies (~63,000 annually). Each Baby Bond would grow to **\$7,334** by age 18. A universal program would generate **\$1.1 billion** in new wealth per birth cohort by age 35.

Achieving a meaningful disbursement amount by age 18 may require a substantial initial contribution. As eligibility criteria becomes broader, wealth inequality declines further. A universal program with progressive, income-based annual contributions (similar to the AOA) would produce the largest reductions in wealth inequality but would also require the greatest public investment and administrative effort. Section 530A accounts (Trump Accounts) would produce the smallest reductions in wealth inequality. Greater reductions in population-level wealth inequality would likely require Baby Bonds to be combined with other early-life economic policies.

Qualitative Findings

We conducted qualitative interviews with caregivers and young adults (n=25) and policy implementers (n=10), capturing multiple perspectives about the Baby Bonds program design, implementation feasibility, and equity implications.

Beneficiary participants are demographically diverse, with strong representation from Black (36%) and Hispanic (56%) respondents, a broad range of educational attainment, and household incomes concentrated in the low- to moderate-income range (\$24,999–\$75,000) (Table 8).

Table 8. Demographic Characteristics of Interviewed Beneficiaries (n=25)

Demographics	Entire Sample (n = 25)	Caregivers (n=21)	Young Adults (n=4)
Age ^A	53.6 (20, 56)	38.1 (23, 56)	22.5 (20, 25)
Gender			
Female (cis)	22 (88.0%)	19 (90.5%)	3 (75.0%)
Male (cis)	3 (12.0%)	2 (9.5%)	1 (25.0%)
Education			
1st–8th Grade	2 (8.0%)	2 (9.5%)	0 (0.0%)
Some high school	0 (0.0%)	0 (0.0%)	0 (0.0%)
High school or GED	3 (12.0%)	3 (14.3%)	0 (0.0%)
Vocational/technical school (2 years)	1 (4.0%)	1 (4.8%)	0 (0.0%)
Some college	4 (16.0%)	3 (14.3%)	1 (25.0%)
College degree	9 (36.0%)	6 (28.6%)	3 (75.0%)
Advanced degree	6 (24.0%)	6 (28.6%)	0 (0.0%)
Household Income			
Less than \$10,000	1 (4.0%)	0 (0.0%)	1 (25.0%)
\$10,000– \$24,999	4 (16.0%)	4 (19.0%)	0 (0.0%)

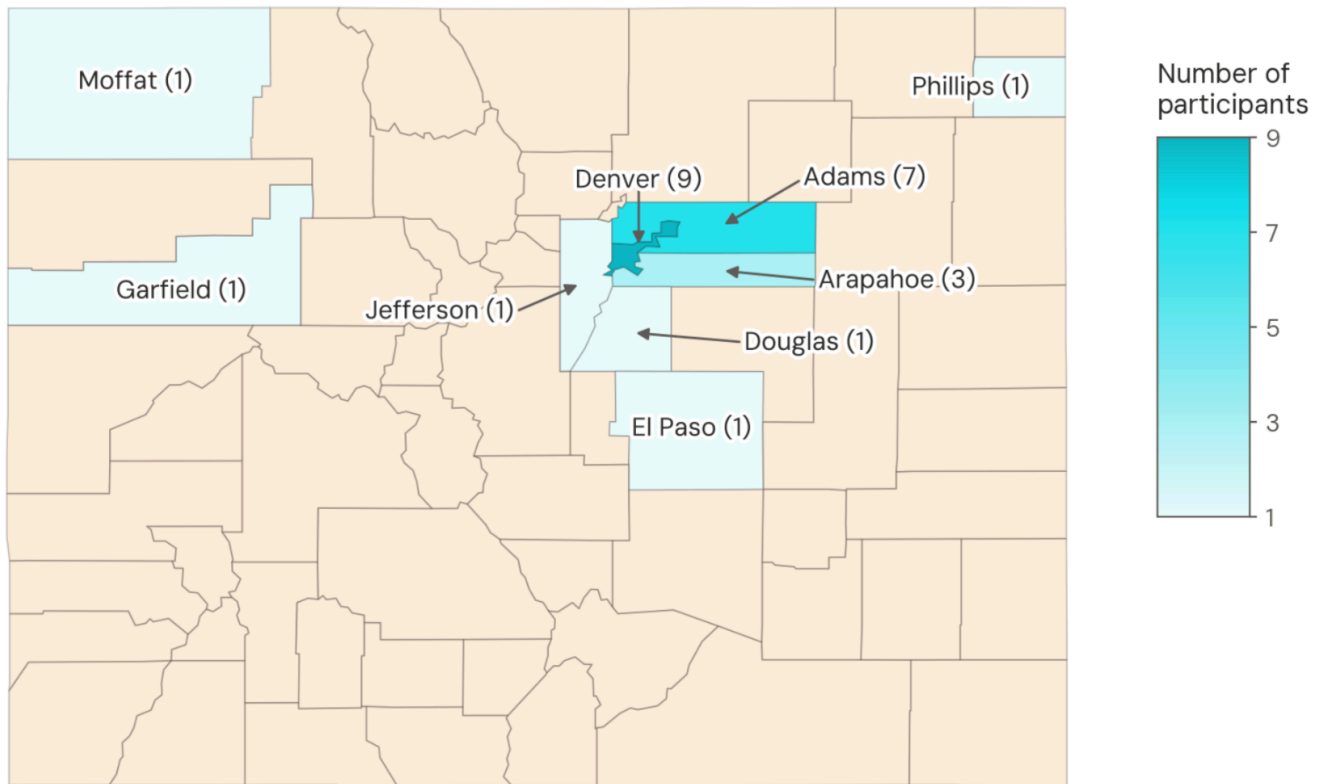
\$25,000–\$34,999	2 (8.0%)	1 (4.8%)	1 (25.0%)
\$35,000–\$49,999	5 (20.0%)	5 (23.8%)	0 (0.0%)
\$50,000– \$74,999	8 (32.0%)	7 (33.3%)	1 (25.0%)
\$75,000–\$99,999	2 (8.0%)	1 (4.8%)	1 (25.0%)
\$100,000–\$149,999	2 (8.0%)	2 (9.5%)	0 (0.0%)
\$200,000 or more	1 (4.0%)	1 (4.8%)	0 (0.0%)
Race/Ethnicity			
Asian	1 (4.0%)	1 (4.8%)	0 (0.0%)
Black	9 (36.0%)	7 (33.3%)	2 (50.0%)
Hispanic	14 (56.0%)	12 (57.1%)	2 (50.0%)
Indigenous	1 (4.0%)	1 (4.8%)	0 (0.0%)
White	4 (16.0%)	4 (19.0%)	0 (0.0%)
Household Language^B			
English	22 (88.0%)	19 (90.5%)	3 (75.0%)
Spanish	11 (44.0%)	9 (42.9%)	2 (50.0%)
Other	2 (8.0%)	1 (4.8%)	1 (25.0%)

^A Mean (Minimum, Maximum)

^B Language reporting is not exclusionary, meaning percentages may sum to over 100%.

Beneficiaries represent communities across Colorado counties, including Adams, Arapahoe, Denver, El Paso, Garfield, Jefferson, Moffat, and Phillips counties (**Figure 4**). The largest share of participants reside in Denver and Adams counties.

Figure 4. Geographic Distribution of Interviewed Beneficiaries (n=25)



Implementers include community-based organization or advocacy leaders (n=6) and government officials (n=4), with representation across multiple states (GA, RI, CO, VT, NM) (Table 9).

Table 9. Demographic Characteristics of Interviewed Implementers (n=10)

Demographic	n (%)	Race	n (%)
Age ^A	36.10 (26, 48)	Asian	1(10.0%)
Gender		Black	1(10.0%)
Female (cis)	6 (60.0%)	Hispanic	3 (30.0%)
Female (trans)	1 (10.0%)	White	5 (50.0%)
Male (cis)	3 (30.0%)		

^AMean (Minimum, Maximum)



Towards Identifying a Sustainable Public Funding Source

Implementers identify a stable, dedicated public funding source as the primary implementation and political challenge. They favor public funding that is insulated from annual budget negotiations (**Table 10**). Four primary approaches emerge as promising for fiscal sustainability:

- 01** **Dedicated non-tax revenue streams** (e.g., unclaimed property transfer funds)
- 02** **Public-private partnership models** that combine state leadership with philanthropic and private-sector contributions
- 03** **One-time capitalization or endowment approaches** that establish a permanent funding source
- 04** **Existing flexible public funds where legally permissible** (e.g., Temporary Assistance for Needy Families, TANF)

Implementers identify TABOR as a major legal barrier to new public spending. They also identify beneficiary tracking, outreach, account management, and administrative infrastructure as key operational challenges.

Table 10. Sustainable Public Funding Source Approaches

Approach	Summary Takeaway	Implementers' Quotes
1. Dedicated Non-Tax Revenue Streams	The strongest consensus is that politically viable funding would require <i>dedicated revenue sources that avoid direct taxpayer funding, new taxes, and annual appropriations.</i> Unclaimed property transfer funds are the most frequently recommended approach.	"Our program proposes to take a portion of what we would otherwise remit to the state and use it for Baby Bonds every year. So, it's actually financed through unclaimed property remittances versus taxpayer dollars." "Tying it into some other income stream to avoid, frankly, tax increases gives it the best chance of success politically."
2. Public-Private Partnership Model	Participants frequently envision Baby Bonds as a <i>shared responsibility among government, philanthropy, community-based nonprofit organizations, and private-sector partners.</i> State involvement is viewed as essential for program legitimacy and administration, while external partners could provide additional capital and implementation support.	"I think the public-private partnership is important... having the state-level partners... but also having private or nonprofit organizations lead the work." "Connecting with philanthropies... donors... even for-profit companies... to continue donating to Baby Bonds accounts."
3. One-Time Capitalization or Endowment Model	Many participants believe policymakers may be more willing to authorize a large upfront investment and not commit to indefinite annual appropriations. <i>Endowment or trust-fund approaches</i> are viewed as a way to create long-term stability while reducing vulnerability to political shifts.	"I think it's a lot easier for policymakers if there is an upfront lump sum amount than committing to an annual commitment for sort of like ever." "It's hard to commit to ongoing funding versus having a one-time investment."
4. Leveraging Existing Flexible Public Funds	Several participants recommend exploring <i>existing funding sources</i>, such as unobligated TANF funds and other dedicated public resources. These sources are viewed as more politically feasible than new taxes or annual appropriations, although questions remain about their eligibility and long-term availability.	"One compelling case could be made for using unspent TANF, unobligated TANF dollars." "TANF funds have a lot of different potential eligible uses."

Several implementers favored launching a smaller-scale Baby Bonds program and expanding it over time rather than waiting for full funding, arguing that early success could build long-term political feasibility and fiscal sustainability.

Equity-Oriented Policy Approaches for Baby Bonds Implementation

Participants consistently emphasize that equitable implementation extends beyond eligibility. It also requires a program that is accessible, trustworthy, culturally-responsive to families' unique needs, and capable of delivering meaningful benefits. Beneficiaries and implementers identify several ways to advance equity:

01

Pair long-term wealth-building with short-term stability supports

02

Provide financial coaching as a core component of education

03

Design programs that families can access and trust

A recurring theme is that long-term wealth-building programs, like Baby Bonds, cannot be designed in isolation from the immediate realities of poverty. Participants emphasize that equitable Baby Bonds implementation requires removing barriers to participation, protecting families from unintended harms, and providing financial education, especially one-on-one financial coaching, to help participants make informed decisions.

1. Equity requires addressing long-term wealth-building goals alongside immediate economic realities.

Many participants note that families facing housing instability, debt, food insecurity, or other short-term financial challenges may struggle to prioritize a long-term Baby Bonds benefit. Beneficiaries emphasize that meeting the immediate financial needs often takes precedence over long-term savings.

Caregivers say:

"There's nothing that feels safer than having some dollars in your pocket."

"We live day to day... saving is very difficult."

Implementers echo these concerns, emphasizing that wealth-building strategies are most effective when they account for families' immediate financial circumstances. As one implementer notes, for families facing significant debt, "the best thing you can do" may be to first build emergency savings and stabilize their finances before focusing on long-term asset accumulation. Collectively, these perspectives suggest that Baby Bonds are most equitable when paired with strategies that promote short-term financial stability while preserving long-term wealth-building opportunities.

2. Financial coaching is viewed as a core component of equitable implementation.

Many beneficiaries recommend providing accessible financial education and supports, particularly financial coaching, as a core component of a successful Baby Bonds program. Financial coaching is a form of financial education that provides participants with one-on-one guidance to build the knowledge, skills, and confidence needed to achieve their individual wealth-building goals.

One young adult reflects:

"I didn't have the opportunity to learn about savings... I wish I would have."



3. Design programs that are accessible, trustworthy, and culturally-responsive to young adult recipients and their families.

Equitable implementation requires improving accessibility, building trust through culturally-responsive outreach and community-engaged partnerships, protecting families from unintended harms (e.g., benefit cliffs and tax liabilities), and designing eligibility and contribution structures that support equitable participation.

Key considerations include:

- **Invest in culturally-responsive outreach and trusted community partnerships.** Participants emphasize that multilingual communication, trusted messengers, and sustained family outreach and engagement are essential for reaching historically underserved communities.
- **Design eligibility and contribution structures that promote equity.** Participants generally favor targeted or progressively publicly funded Baby Bonds over voluntary family contributions. However, they emphasize that eligibility criteria should not exclude financially constrained families whose incomes fall just above the eligibility thresholds for public assistance (benefits cliff).
- **Protect families from unintended harms.** Participants emphasized that Baby Bonds should not reduce families' eligibility for public benefits or create unexpected taxes for young adult recipients in the future.

"If you don't offer it in multiple languages, you're missing a lot of population."

"Are there guardrails built around where it doesn't become a cliff effect for the parent?"

"[Existing programs] are underinvesting in outreach, significantly."

Baby Bonds Program Design Features

Participants provide nuanced preferences and perspectives on the recommended key program design features of Baby Bonds, revealing broad areas of consensus alongside important tradeoffs (**Table 11**). Beneficiaries and implementers generally agree that a successful Baby Bonds program should provide meaningful account balances at maturity, flexibility in approved wealth-building uses, age-appropriate access to funds, and culturally-responsive family outreach, engagement, and financial coaching.

Participants express conditional support for complementary program features, including family-funded contributions, cash transfers, and wraparound services. However, their support depended on whether these features could be implemented equitably, administered effectively, and aligned with the program's wealth-building goal.

Overall, participants emphasize that a successful Baby Bonds program should be easily accessible, trustworthy, and culturally-responsive to the financial needs and wealth-building goals of young adult recipients and their families.

Table 11. Qualitative Preferences for Baby Bonds Program Design Features

Program Feature	Summary Takeaway	Illustrative Quotes
Flexible Allowable Uses	Participants support a defined set of wealth-building uses (education, homeownership, entrepreneurship, and retirement) while emphasizing flexibility to meet diverse circumstances. The preferred approach balances clear guardrails with young adult recipients autonomy.	[Life] is really, really expensive... it's hard to just be like you can only use it for certain things." (Beneficiary) "People are the experts in their own lives... using the dollars in a way that makes sense for them." (Implementer)
Account Value	Participants consistently emphasize that Baby Bonds should grow to a meaningful value, often estimated between \$20,000 and \$100,000, to support major wealth-building goals.	"...an actual like meaningful amount would be probably like 20-ish thousand, 25,000." (Beneficiary) "Maybe...\$50,000 would be more meaningful." (Implementer)
Disbursement Age	Participants generally favor access to funds beginning around age 18 while allowing beneficiaries to use them through the early or mid-20s. This flexibility accommodates diverse educational, employment, and family pathways.	"I feel like 25 when your brain is developed is really nice, but also so much happens between 18 and 25... 18, I think would be good." (Beneficiary) "It should be a range... start at 18, especially if they're going to access them for college." (Implementer)
Financial Coaching	Financial coaching is consistently viewed as a core program component. Participants favor ongoing and tailored financial coaching that begins early, engages both caregivers and children, and prepares young adult recipients to make informed financial decisions.	"We need to ensure that people know how to use the funds properly." (Beneficiary) "Learning about the psychology of money...how we as people, as a society, in our cultures treat money differently" (Implementer)

Voluntary Family Contributions	While some participants value opportunities for families to save alongside the program, many cautioned that allowing voluntary family-funded contributions to Baby Bonds accounts could unintentionally widen wealth inequality by favoring families with greater financial resources.	"When you hear Baby Bonds, you're under the impression that you're going to contribute along with the state." (Beneficiary) "Those who can afford to contribute will, and those who can't won't... this can become a mechanism for increasing wealth inequality." (Implementer)
Immediate Needs Support	Participants support providing immediate-needs funds (e.g., cash transfers) alongside Baby Bonds, provided they are accompanied by clear eligibility criteria, transparent safeguards, and appropriate administrative oversight. They view immediate needs funds as complementary.	"...what resources would it take... to discern what would qualify for these immediate needs?" (Beneficiary) "What is the rubric... Is it clear... and is it equitable?" (Implementer)
Wraparound & Community Supports	Participants supported leveraging trusted community-based partners to connect families with financial education, particularly one-on-one financial coaching, and other wraparound services and community supports.	"It would be a pathway to other wraparound services and it's not siloed." (Beneficiary) "There is no harm in doing that and helping communities." (Implementer)

Beneficiaries and implementers differ primarily in emphasis. Beneficiaries prioritize flexibility and responsiveness to families' realities. Implementers prioritize long-term wealth-building, administrative feasibility, and fiscal sustainability. Together, these perspectives suggest that a successful Baby Bonds program should balance feasibility, sustainability, and equity in its design and implementation.

Baby Bonds Acceptability and Appropriateness

Beneficiaries express strong overall acceptability of Baby Bonds, describing them as a meaningful source of financial security and reduced stress. They view the program as highly appropriate for addressing intergenerational wealth inequality and expanding economic opportunities for low-wealth and first-generation families. They emphasize that its success depends on flexible program design, transparent safeguards, and access to financial coaching and wraparound supports. Although enthusiasm is high, participants also raise practical questions about funding, credibility, and implementation and identify key indicators of a successful program (see **Appendix B1**).

Beneficiaries share:

"I think it's important to have policies in place for things like this because not everybody is born into wealth... to give a child an experience where they don't have to worry about money is such an amazing opportunity."

"It would be a relief for me as a mom... especially for my mental health."

Political Feasibility and Fiscal Sustainability

Participants describe political feasibility and fiscal sustainability as closely intertwined. They emphasize that securing political support for Baby Bonds requires a stable public funding source, a clear return on investment, broad community support, effective communication across political perspectives, and a program that addresses both the immediate and long-term financial needs of families.

Participants emphasize framing Baby Bonds not only as an anti-poverty initiative, but also as an investment in Colorado's economic future. They argue that demonstrating long-term economic benefits, including a stronger workforce, increased tax revenues, stronger local economies, and reduced out-migration, is critical to sustaining public and political support over time.

Participants also compare Baby Bonds with other child savings and investment account proposals (e.g., Section 530A accounts or Trump Accounts), emphasizing that both the political framing and program design should clearly distinguish Baby Bonds from other account-based policies (see **Appendix B2**).

The long-term nature of Baby Bonds creates a fundamental political challenge.

Many implementers emphasize the pressure that elected officials face to respond to the immediate needs of their constituents. Because Baby Bonds program benefits may not be realized for nearly two decades, policymakers may struggle to justify long-term investments while families face urgent housing, food, and financial challenges.

As one implementer explains:

"People are trying to be responsive to voters of today and not voters of tomorrow."

Political support requires compelling narratives, trusted messengers, and grassroots community engagement.

Participants emphasize that successful advocacy requires pairing data with compelling stories that help policymakers and the public envision a Baby Bonds program's impact.

Building political support requires demonstrating how Baby Bonds can strengthen both families and local economies in Colorado.

Participants consistently emphasize framing Baby Bonds as a long-term investment in both families and local economies in Colorado rather than solely as a social program. They argue that demonstrating a clear return on investment, including reduced reliance on public benefits, increased workforce participation, greater homeownership and entrepreneurship, and reduced out-migration, is critical to sustaining bipartisan support. To broaden public and policymaker support, participants recommend emphasizing **shared economic opportunity**, long-term financial security, and community prosperity rather than partisan priorities.

Effective financing also requires impactful messaging and political buy-in. Policymakers would need to frame Baby Bonds as both:

A compelling story:

"Having like champions... and being able to really paint the picture of what Colorado would look like in a world where this is implemented."

and demonstrating a clear return on investment or cost avoidance:

“Thinking about the cost avoidance, incarceration, Medicaid, hospital visits, housing, if you think about those downstream costs... versus their ability to use the Baby Bond funds... that would be incurred by the state.”

“We also see [Baby Bonds] as... a way to retain youth in the state and an economic development tool.”

To improve political feasibility, some participants suggest framing Baby Bonds as an:

- **Upstream investment with downstream savings** in areas like homelessness, Medicaid, TANF, policing, and other public systems, or
- **Economic development strategy**, such as a youth retention or rural investment strategy, not only an anti-poverty strategy.



Comparative Policy Review Findings

Baby Bonds Overview

Baby Bonds are publicly funded trust accounts established at birth that provide children with an initial contribution to support long-term asset building and reduce wealth inequalities.¹ Once a child turns 18, the appreciated funds become available for approved wealth-building uses, such as paying for education or job training, purchasing a home, starting or investing in a business, or transferring the funds to a retirement account for continued growth.

Baby Bonds programs can be designed in several ways. Programs may be **universal**, providing Baby Bonds accounts to all children, or **targeted**, providing accounts to children who meet some eligibility criteria, such as Medicaid coverage. Either approach can also be **financially progressive**, providing larger contributions to children from lower-wealth households than children from higher-wealth households.

Baby Bonds were first proposed by Darrick Hamilton and William Darity Jr. in 2010.¹ Their original proposal includes six core design features: (1) universal eligibility, (2) financially progressive contributions, (3) flexible wealth-building uses, (4) public funding by government, (5) a substantial initial contribution, and (6) individual ownership by the young adult beneficiary. Since then, the concept of Baby Bonds has gained increasing support among policymakers, researchers, and the public.^{2–5} In 2018,

Senator Cory Booker (D-NJ) and Representative Ayanna Pressley (D-MA) introduced the AOAA, the first federal Baby Bonds proposal.¹⁴ The AOAA would have established federally-funded accounts for all U.S. children under age 18, including a \$1,000 initial contribution and annual contributions of up to \$2,000 based on household income, rather than household wealth. The AOAA bill was reintroduced in 2021 and 2023.

In 2021, Connecticut enacted the nation's first statewide Baby Bonds program, which launched in 2023. The program automatically invests \$3,200 on behalf of each child whose birth is covered by Medicaid. The funds are held in a trust managed by the State Treasurer and grow over time until young adult recipients can claim them between ages 18 and 30 for wealth-building uses.

Washington, D.C. and other states have also taken steps to establish Baby Bonds programs. D.C. passed legislation in 2021 establishing a Baby Bonds program, which was later repealed in 2025. California established a program in 2022 for eligible children who experienced long-term foster care or lost a caregiver to COVID-19. Vermont established a program in 2024 for children eligible at birth for Medicaid or CHIP coverage. Rhode Island established a program in 2025 for children whose caregiver participates in the state's TANF program during the child's first year of life.

Over a dozen states, including Colorado, have introduced Baby Bonds legislation. At least 9 states have launched [pilot studies](#). Several states—including Colorado, Georgia, Louisiana, Maryland, Massachusetts, New Mexico, and Washington—have conducted feasibility studies, convened task forces, or undertaken other formal examinations of Baby Bonds programs.

See **Appendix Tables C1–C2** for summary lists of state Baby Bonds programs and proposed legislation.

Wealth as a Social Driver of Health

Wealth is defined as a family's total assets minus its total debt. While income helps families cover day-to-day needs, wealth provides a foundation for financial stability, long-term prosperity, and choice. Wealth matters because it shapes a family's ability to pursue higher education, purchase a home, start a business, and save for retirement.

Families with assets are better positioned to invest in wealth-building opportunities and withstand financial setbacks, while families with limited assets often face greater financial instability and fewer pathways to upward mobility. Unlike income, which is earned over time, wealth can accumulate and be passed from one generation to the next.

Despite Colorado's economic growth, wealth remains unevenly distributed across the state. In 2020, the top 1% of earners received approximately 20% of

all income in Colorado.¹⁵ Wealth inequality is substantial across demographic groups.

In 2023–24, the median wealth of White households (\$321,600) was 11 times that of Black (\$29,500) and 2 times of Hispanic (\$155,050) households. In 2023, approximately 11% of Colorado children under age 18 lived in poverty, with the highest rates in rural counties, including Costilla, Otero, Crowley, Saguache, and Huerfano.¹⁶ In 2024, the [poverty rate among toddlers was approximately 13%](#).

Wealth inequalities are rooted in longstanding structural barriers, including lower incomes, limited inheritance, and discriminatory policies. Without government intervention, families with fewer resources are less able to accumulate and transfer wealth, perpetuating wealth and income inequalities across generations.

Early wealth-building strategies, such as Baby Bonds, have been proposed as policy solutions to reduce wealth inequalities. Baby Bonds provide children from asset-limited families with capital to build wealth and upward mobility.

Baby Bonds could inject new wealth into Colorado by supporting homeownership and entrepreneurship, reducing student debt and out-migration, strengthening workforce retention, and expanding the tax base.^{12,17}

Over time, these investments may generate economic benefits that extend beyond individual recipients by strengthening families, supporting local

economies, and contributing to Colorado's broader economic prosperity.

Wealth is closely linked to health. Wealth shapes access to many social drivers of health, including housing, education, employment, and neighborhood conditions.¹⁸ Emerging evidence suggests that policies designed to build wealth early in childhood, such as Baby Bonds, may improve health and well-being across the life course.^{19–22}

Summary of the Baby Bonds Literature

Prior research on Baby Bonds has focused on three areas: (1) simulation modeling, (2) perspective interviewing or opinion polling, and (3) studies examining the impact on health and well-being.

Several simulation studies estimate how Baby Bonds might affect net worth and the racial wealth gap. A simulation study by Zewde found that Baby Bonds implemented in the 1990s could reduce the median wealth gap between young Black and White Americans from a factor of 16 to 1.4, while also reducing wealth concentration among the top decile of households.²³ Weller et al. simulated that a Baby Bonds program would reduce the Black–White wealth ratio to approximately 2.7 to 1 by 2060.²⁴

A simulation study by the Urban Institute demonstrated that Baby Bonds would reduce the wealth gap across income quintiles, decrease the number of people

taking on student debt, and reduce the size of that debt.^{12,25} However, they did not find significant impacts on college attendance, home equity, or retirement.

Despite differences in these simulation studies regarding data sources and program design features, they reach a consistent conclusion: Baby Bonds would likely reduce the racial wealth gap, although the magnitude of the impact varies across models.^{12,23–27}

Among adult community members and young adults, qualitative interviews indicate broad acceptance of the perceived effectiveness of a Baby Bonds program.^{3,4} Views diverge on key program design features, particularly whether eligibility should be universal or targeted based on income or wealth.³

In a 2025 national survey of 1,870 U.S. adults, approximately 68% indicated support for early life wealth-building policies—such as Baby Bonds—for children from low-income families.²

Research shows a clear link between wealth and health: people with more wealth tend to be healthier.^{19–22} A study using nationally representative longitudinal survey data collected from U.S. adults between 2020–2023 found that family savings were associated with a lower likelihood of screening positive for depression, anxiety, or both.²⁸

The SEED for Oklahoma Kids (SEED OK) program is the longest-running randomized controlled trial evaluating Child Development Accounts (CDAs)

established at birth. They found improvements in hope and behavioral outcomes among children with CDAs.¹³

Because no large-scale Baby Bonds program has been in place long enough to evaluate long-term outcomes, it is unclear whether these programs increase college attendance, homeownership, earnings, or health.

There are current studies examining the direct impacts of Baby Bonds on child and maternal health and well-being in [Connecticut](#) and [Vermont](#). What is clear is that Baby Bonds are designed to increase asset ownership, and asset ownership is strongly associated with higher wealth and improved health over the life course.

A more extensive summary of the Baby Bonds-related literature and policies can be read in a report by the Urban Institute²⁹, a report by The New School Institute on Race, Power, and Political Economy and ProsperityNow,⁵ and a narrative review by the BLIS Collective.³⁰ Refer to **Appendix Table C3** for a summary list of prior simulation studies.

Policy Implications for a Colorado Baby Bond Program

As of June 2026, California, Connecticut, Vermont, Rhode Island, and Washington, D.C. had enacted Baby Bonds legislation. Connecticut was the first state to fully fund and implement a publicly funded Baby Bonds program. The Connecticut Baby Bonds program automatically

invests \$3,200 on behalf of each baby born on or after July 1, 2023 whose mothers are covered by Medicaid at the time of birth.

Connecticut funds the program through an approximately \$600 million transfer from its Budget Reserve Fund, creating a dedicated, publicly managed trust invested over time and reducing reliance on new taxes or annual appropriations. This initial investment is expected to cover 12 years of the program.⁵

Our Colorado-based analysis closely models Connecticut's Baby Bonds program, assuming a one-time \$3,200 initial contribution at birth and no additional annual contributions. We find that larger initial contributions and broader eligibility could further reduce racial wealth inequality, although these approaches may require substantially greater public investment and administrative resources.

To improve political feasibility and acceptability, Colorado could consider a universal Baby Bonds program. If a universal program is cost-prohibitive, a targeted program with broader eligibility offers the strongest alternative for meaningfully reducing the wealth gap.

Identifying a stable funding source will be critical to the sustainability of a Colorado Baby Bonds program. Colorado could reduce reliance on annual appropriations by establishing a dedicated funding mechanism supported by tax revenues, reserve funds, and/or philanthropic contributions

to a birth cohort. Under Colorado's TABOR, voter approval is required for tax increases. The next section outlines key recommendations for a Colorado Baby Bonds program design.

Colorado is also piloting an accelerated Baby Bonds demonstration project, [The Ignite Futures Fund](#). This five-year pilot is led by **Impact Charitable** in partnership with **Gary Community Ventures** and other funders. It provides 125 students ages 16–17 years who qualify for Medicaid or CHP+ with \$20,000 seeded investment accounts. The accounts are paired with financial education, including knowledge with actual assets, hands-on investing experience, coaching, and a supportive community. After completing

the program, participants can use their funds toward one of four long-term goals, including education, homeownership, entrepreneurship, and retirement. Impact Charitable and Gary Community Ventures are engaging with both the Colorado State Treasurer's Office and CollegInvest 529 Plan. Pilot findings will inform the optimal design of a Colorado Baby Bonds program.

A more extensive comparison of Baby Bonds program designs can be read in reports by the Urban Institute³¹ and The New School Institute on Race, Power, and Political Economy and ProsperityNow.⁵ Refer to **Appendix Table C4** for comparisons of key program design features of states' Baby Bonds programs.



Policy Recommendations

Key Program Design Features

In **Table 12**, we present the recommended key program design features based on the findings of the mixed methods economic evaluation and a comparative policy analysis and informed by the established principles for early-life wealth-building^{32,33} and key considerations from The New School Institute on Race, Power, and Political Economy.⁵

Table 12. Program Design Features of a Colorado Baby Bonds Program

Program feature	Recommendation
Automatic enrollment	Automatic enrollment removes participation barriers for families and reduces administrative burden for the operating state agency.
Flexible allowable use	Funds may be used to acquire appreciating assets that build wealth over time, including postsecondary education or training, homeownership, entrepreneurship, and retirement savings.
Substantial initial contribution	The initial government contribution should be large enough to meaningfully increase wealth for children from the lowest-wealth households.
Government-funded over family-funded contributions	Baby Bonds should prioritize government-funded over family-funded contributions. Families could instead contribute to separate, family-owned investment or savings accounts, with the administering state agency providing financial education and coaching to support families in achieving their wealth-building goals.
Protections from public benefits loss or taxation	Baby Bonds should not affect families' eligibility for public benefits or be taxed as income when young adult recipients access the funds.

Program Feature	Description
Sustainable public funding source	A sustainable funding model could combine one-time capital investments, dedicated revenue sources, and public-private contributions to birth cohorts while reducing reliance on annual appropriations.
Individual recipients	Funds should be paid directly to the young adult recipient, not to the parent/caregiver.
Financial education with an emphasis on financial coaching	The administering state agency should provide accessible, culturally-responsive financial education, with financial coaching as a core component, for young adult recipients and their families. Participation in financial education activities should not be required to claim funds.
Pooled account structure	Program funds should be administered by a state agency and pooled into a single fund managed by a designated investment manager.
Program evaluation	Ongoing evaluations are important for strengthening the effectiveness, efficiency, and equity of Baby Bonds.
Family outreach and engagement	Consistent family outreach and engagement through trusted community partners could help young adult recipients claim their funds and make informed decisions.
Community Advisory Board	Establishing a Community Advisory Board with representation from impacted communities could help ensure that Baby Bonds meet families' priorities.
Eligibility criteria	A universal program covering all babies would achieve the greatest reductions in racial and geographic wealth inequalities by retirement age. If a universal program is cost-prohibitive, a targeted program with broader eligibility offers the strongest alternative, achieving similar reductions in wealth inequalities by age 35.

Sustainable Public Funding Source

Establishing and sustaining a Baby Bonds program in Colorado will require a stable public funding source. A sustainable funding model for Colorado could combine one-time capital investments, dedicated revenue sources, and public-private contributions to birth cohorts while reducing reliance on annual appropriations.

Other states have adopted alternative financing approaches. Connecticut funded its Baby Bonds program through a one-time transfer from its Budget Reserve Fund into a dedicated trust. Washington, D.C. proposed funding through annual appropriations from local revenues, including sports betting. Other proposals, including those in Nevada and Washington, also rely on annual appropriations. Vermont and Rhode Island have explored using unclaimed property transfer funds.^{4,9}

A one-time capital investment in a dedicated trust fund could support long-term program sustainability by generating investment returns and reducing reliance on annual state appropriations.⁵ If Colorado creates a new state tax to fund Baby Bonds, TABOR would likely require voter approval. Examples of dedicated tax revenue sources include millionaire, mansion, and estate taxes, as well as other progressive tax measures.

These financing approaches can be supplemented by individual,



philanthropic, or private contributions made on a one-time or ongoing basis. Connecticut, for example, allows philanthropic and private contributions to be made to a birth cohort rather than individual beneficiary accounts.³⁴

While voluntary contributions could increase individual Baby Bonds account balances, they could also widen wealth inequality because families and private donors have unequal resources to contribute. Directing voluntary contributions to a birth cohort rather than individual family accounts reduces this risk. This tradeoff should be carefully considered in the design of a Colorado Baby Bonds program.

Distinguish from Trump Accounts

Communication and outreach materials should clearly distinguish Baby Bonds from other types of investment or savings accounts and be developed in partnership with young people, families, and community-based organizations.

The One Big Beautiful Bill Act of 2025 established Section 530A child investment accounts, also known as “Trump Accounts.” Eligible children born between January 1, 2025, and December 31, 2028, will receive a one-time \$1,000 federal initial contribution. Caregivers may contribute up to \$5,000 annually, while employers may contribute up to \$2,500 per year. Funds remain invested until age 18 and must be invested in qualified, low-cost index funds with substantial U.S. equity exposure.



While Section 530A accounts may support long-term wealth-building, their benefits depend largely on voluntary contributions from families and private employers, potentially providing greater benefits to higher-wealth families with more resources to contribute.

Furthermore, the \$1,000 federal initial contribution alone may be insufficient to meaningfully increase wealth for lower-wealth households. Unlike Baby Bonds, which are typically funded and managed through government-held trusts, Trump Accounts are individual investment accounts owned by the child and managed by a caregiver until adulthood.

In contrast, Baby Bonds are publicly funded accounts established at birth and designed to build wealth and reduce wealth inequality. Simulation studies suggest that Baby Bonds could substantially narrow the wealth gap, particularly for Black and Hispanic children. Depending on program design, Baby Bonds may be universal or targeted and may include progressive contributions that provide larger deposits to children from lower-wealth households.

Baby Bonds are only one component of a broader early-life wealth-building strategy and are not intended to function as a standalone policy. Complementary income supports are also needed to address families' immediate financial needs.

Integrated Bundling of Wealth-Building Options

Baby Bonds are one of several early-life economic policy options.³³ Other examples include CDAs, 529 college saving plans, and child tax credits.

Complementary strategies could be bundled to enhance the acceptability, effectiveness, and equity of Baby Bonds.^{24,35} Vermont is testing a “Superbundle” that uses complementary

strategies to address maternal stress (mental health skill building and diapers), income support (cash transfers), and wealth-building (Baby Bonds).

Although Baby Bonds promote long-term wealth-building, they may be most effective when combined with immediate supports, such as cash transfers and other assistance programs.

Program Administration Considerations

Implementing a public Baby Bonds program in Colorado may require two policy actions: one to establish the account structure and another to fund the program. The program funds should be administered and managed by a state agency, such as the Colorado State Treasurer's Office.

Key implementation decisions with implications for program administration and costs include eligibility verification and data-sharing systems (e.g., birth records for universal eligibility, Medicaid coverage for targeted eligibility, or income data for financially progressive structure), procedures for claiming and disbursing funds (e.g., phased disbursement or hybrid uses), and consistent family outreach and engagement. Additional considerations include providing financial coaching and language-accessible resources, developing an easy-to-use platform for

family account monitoring and disbursement requests, issuing periodic account statements, conducting ongoing program evaluation, and operating a Community Advisory Board.

The administering agency must also determine the investment strategy (e.g., low-cost index funds), whether families may opt out, the age range during which funds may be claimed, whether eligible asset purchases must occur in Colorado (e.g., homeownership or business creation), accommodations for young adult recipients unable to access funds due to disability, incarceration, or military service, and whether to permit additional wealth-building uses beyond education, homeownership, entrepreneurship, or retirement. These implementation decisions should balance equity, sustainability, administrative feasibility, and program costs.

Conclusion

Colorado faces persistent wealth inequalities by race/ethnicity and geography that limit economic opportunity for many children and families. Baby Bonds offer one policy solution by providing publicly funded accounts at birth that can be accessed in adulthood for wealth-building uses.

This report presents a mixed methods economic evaluation and comparative policy analysis of a public Baby Bonds program in Colorado. We examine program costs, wealth accumulation, wealth inequalities, and community and policy perspectives on recommended key program design features and implementation.

Our findings suggest that a Baby Bonds program in Colorado is highly feasible and would substantially reduce the wealth gap. Without intervention, racial and geographic wealth gaps will grow.

In our microsimulation, both universal and targeted Baby Bonds would substantially reduce the wealth gap, with broader eligibility producing larger reductions. Section 530A accounts alone has the smallest reduction in wealth gap. A universal program could build up to **\$1.1 billion** in new wealth per birth cohort.

Qualitative interviews indicate broad support for a Baby Bonds program among families, community organizations, and policymakers.

Investment gains from Baby Bonds can be supplemented by annual contributions from separate, family-owned accounts (e.g., 529 accounts).

The microsimulation is limited by the lack of experimental evidence on Baby Bonds' long-term effects, including on asset uses, homeownership, educational attainment and debt, employment, business ownership, and health.

Additional limitations include national survey definitions that may not accurately represent rural Colorado communities, small sample sizes for some demographic groups, and the underrepresentation of rural communities and families who speak languages other than English or Spanish in the qualitative sample.

In summary, a universal Baby Bonds program would achieve the greatest reductions in racial and geographic wealth inequalities by retirement age. Under this approach, every child born in Colorado would receive a publicly funded account at birth. If a universal program is cost-prohibitive, a targeted program with broader eligibility offers the strongest alternative, achieving similar reductions by age 35.

This approach balances inclusive participation with a greater focus on reducing Colorado's wealth gap. A sustainable funding model for a

Colorado Baby Bonds program could combine one-time capital investments, dedicated revenue sources, and public-private contributions to birth cohorts while reducing reliance on annual appropriations.

Ultimately, wealth inequality is shaped by public policy choices. A Baby Bonds

program alone will not eliminate the wealth gap and should be paired with other early-life economic policies.

By expanding opportunities to build wealth, Baby Bonds could strengthen the long-term financial security of both families and local economies in Colorado.

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Appendix

Table A1. Data Sources and Justification

Data Sources	Justification
National Survey Datasets	The microsimulation model was developed using national survey data from the Panel Study of Income Dynamics (PSID, 2009–2023), National Center for Health Statistics (NCHS, 2022–2024) Natality, and the American Community Survey (ACS, 2024) to estimate wealth accumulation over time by demographic groups and by alternative eligibility criteria.
Qualitative Primary Data Collection	Qualitative semi-structured interviews were conducted among beneficiaries (parents/caregivers and young adults) and implementers (community nonprofit leaders, policymakers, and administrators) to assess the political feasibility, fiscal sustainability, community acceptability, and equity implications of alternative Baby Bonds program designs, using implementation science frameworks.
Community Advisory Committees	Expert elicitation focus groups were conducted among a Colorado-based Community Advisory Committee and Wealth-Building Policy Committee, convened by Gary Community Ventures and Impact Charitable to develop and refine the quantitative microsimulation model assumptions and qualitative interview guide.

Table A2. Projected Mean Wealth by Demographic Group and Age

	Baseline (No Baby Bonds)			Targeted Medicaid Baby Bonds			Universal Baby Bonds		
Group	Age 25	Age 35	Age 65	Age 25	Age 35	Age 65	Age 25	Age 35	Age 65
Total	\$104,035	\$175,794	\$580,851	\$107,818	\$181,956	\$607,484	\$114,872	\$193,445	\$657,139
White	\$143,187	\$241,208	\$821,131	\$145,347	\$244,725	\$836,334	\$154,024	\$258,859	\$897,419
Black	\$71,461	\$106,363	\$268,80	\$77,970	\$116,966	\$314,623	\$82,297	\$124,015	\$345,088
Hispanic	\$39,971	\$71,592	\$209,667	\$46,244	\$81,809	\$253,826	\$50,808	\$89,243	\$285,955
Metro	\$103,336	\$176,107	\$588,003	\$107,143	\$182,309	\$614,807	\$114,172	\$193,759	\$664,290
Non-Metro	\$109,937	\$173,149	\$520,540	\$113,514	\$178,975	\$545,721	\$120,774	\$190,800	\$596,828
Gini Coefficient									
All	0.269	0.262	0.253	0.268	0.261	0.256	0.266	0.259	0.244
Absolute Wealth Gap									
White: Black	\$71,726	\$134,845	\$552,331	\$67,377	\$127,759	\$521,711	\$71,727	\$134,844	\$552,331
White: Hispanic	\$103,216	\$169,616	\$611,464	\$99,103	\$162,916	\$582,508	\$103,216	\$169,616	\$611,464
Metro: Non-Metro	-\$6,601	\$2,958	\$67,463	-\$6,371	\$3,334	\$69,086	-\$6,602	\$2,959	\$67,462
Relative Wealth Gap Ratio									
White: Black	2.00	2.27	3.05	1.86	2.09	2.66	1.87	2.09	2.60
White: Hispanic	3.58	3.37	3.92	3.14	2.99	3.29	3.03	2.90	3.14
Metro: Non-Metro	0.94	1.02	1.13	0.94	1.02	1.13	0.95	1.02	1.11

Appendix B: Supplemental Qualitative Findings

B1. Beneficiary Perspectives on a Successful Baby Bonds Program

Beneficiaries describe a successful Baby Bonds program as one that produces meaningful improvements in both financial stability and overall well-being. While implementers tend to define success more broadly in terms of generational wealth-building and long-term public savings, beneficiaries place greater emphasis on intermediate outcomes that demonstrate meaningful improvements in families' lives.

Financial stability as an indicator of program success. Beneficiaries consistently identify greater financial stability as a key indicator of a successful Baby Bonds program. This includes long-term wealth accumulation as well as helping young adults and families avoid financial crises, reduce reliance on debt, and transition more securely into adulthood.

A young adult highlights the program's potential to prevent homelessness, stating that such an event "would affect your long-term anything."

One caregiver describes the transition to adulthood as inherently "risky" and emphasizes the importance of having funds available for housing, college, and other major life transitions. Another caregiver describes this financial foundation as a "stepping stone" that

makes work, education, and other opportunities possible. Together, these perspectives suggest that beneficiaries view financial stability as the foundation for long-term wealth-building.

Mental health and overall well-being as key indicators of Baby Bonds program success. Beyond financial outcomes, beneficiaries frequently identify psychological and emotional health outcomes as a key indicator of success. Participants describe reduced financial stress, greater peace of mind, and renewed hope that future opportunities are within reach.

As one young adult explains, if "that amount of stress... went down significantly, I think that would prove success for me personally."

Similarly, one caregiver describes Baby Bonds as "a lot of weight off of my shoulders." Another caregiver reflect that having this type of support "would be a relief for me as a mom... above all for my mental health."

Together, these findings suggest that beneficiaries define the success of Baby Bonds not only by the wealth accumulated but also by the financial security, hope, and improved quality of life the program provides along the way.

Appendix B: Supplemental Qualitative Findings

B2. Comparisons with Other Child Savings Account Types

Participants recognize that Baby Bonds and other child savings and investment account programs share the goal of supporting children's future financial well-being but differ in program design, equity, and policy objectives.

Similar account structure. Participants generally view Baby Bonds and other child savings account proposals as sharing a common structure: government-managed accounts established for children, with funds that are invested, grow over time, and become available in adulthood.

There are also key differences. As one implementer explains, Section 530A accounts (Trump Accounts) allow voluntary contributions and require families to opt in, meaning "the Trump account will definitely accrue to be more... because you can put more money in there... this is one of the reasons that it's a wealth gap widening policy." Participants view the underlying account structure as similar but recognize that differences in enrollment, contributions, and allowable uses produce fundamentally different policy outcomes.

Distinct policy design and purpose. Participants consistently distinguish Baby Bonds by their automatic enrollment, noncontributory structure, and focus on equitable wealth-building.

Unlike contribution-based accounts, Baby Bonds are viewed as growing "without the family having to worry about if they have to contribute." Participants also emphasize that restricting funds to wealth-building uses, such as homeownership, higher education, entrepreneurship, and retirement, preserves the program's long-term wealth-building mission. Together, these program features position Baby Bonds as a public investment focused on expanding economic opportunity, not simply individual saving.

Implications for policy communication. Participants emphasize the importance of clearly distinguishing account types. One implementer summarizes the distinction succinctly: "If the goal is to maximize the amount of potential money that a low-income family can come into when that child turns 18, they're going to care more about the Trump accounts. If the goal is to close the wealth gap, then they should only be thinking about the Baby Bonds."

Others suggest that emphasizing automatic account growth, long-term family financial security, reduced reliance on public assistance, and support for families raising children would help distinguish Baby Bonds from other child savings account types while strengthening public understanding and political support.

Table C1. State Baby Bond Programs

State	Description
California	A.B. 156 (2022) established California’s HOPE for Children Trust Account Program for eligible children who experienced long-term foster care or lost a parent or guardian to COVID-19. S.B. 242 (2024) amended the HOPE program to support implementation, including protecting HOPE funds from affecting eligibility for income-based public assistance programs until the funds are withdrawn.
Connecticut	H.B. 6690 (2021) established the Connecticut Baby Bonds Trust, which began automatically enrolling eligible children born on or after July 1, 2023, whose births were covered by Medicaid. The program invests \$3,200 on behalf of each eligible child in a state-managed trust fund. Between ages 18–30, recipients may use funds for education or job training, property or business ownership in Connecticut, or retirement.
Rhode Island	H 6071A/S 0761A (2025) established the Rhode Island Baby Bond Trust for children born on or after January 1, 2026, whose parent or guardian participates in the state’s Temporary Assistance for Needy Families (TANF) program during the child’s first year of life. The program would invest \$3,000 on behalf of each eligible child in a state-managed trust fund. SB 2843 (2026) proposed funding the Trust through annual transfers from the state’s unclaimed property fund.
Vermont	H.55 (Act 184, 2024) established the Vermont Baby Bond Trust for children born on or after July 1, 2024, who are eligible at birth for Medicaid or CHIP coverage. The law provides for a \$3,200 initial contribution for each eligible child within a state-managed trust, where the funds are invested.
Washington District of Columbia (D.C.)	D.C. Law 24–53 , the Child Wealth Building Act of 2021, established the Child Trust Fund Program for eligible children whose births were covered by Medicaid and whose household incomes were at or below 300% of the federal poverty level. The program provided a \$500 initial contribution and annual allocations of up to \$1,000 based on household income. The law was repealed in 2025.

References: "Baby Bonds Around the U.S." The New School. Institute on Race, Power and Political Economy, <https://racepowerpolicy.org/baby-bonds/baby-bonds-around-the-us/>. Accessed 4 Mar. 2026.

Table C2. Federal/State Baby Bonds Proposed Legislation

Federal / State	Description
Federal	S. 2231 (2019) proposed establishing American Opportunity Accounts (AOAA) with a \$1,000 deposit at birth and progressive annual deposits of up to \$2,000 based on family income, financed through reforms to estate, gift, and capital income taxation. S. 222 (2021) and S. 441 (2023) reintroduced substantially the same proposal.
Colorado	HB24-1297 (2024) proposed directing the State Treasurer to conduct a feasibility study and make recommendations regarding the creation of a Colorado Baby Bonds program.
Delaware	SB 243 (2022) proposed establishing the Baby Bond Account Fund to provide a \$2,000 deposit into an account for each child born on or after January 1, 2022, into a household with an annual income at or below 200% of the federal poverty level.
Georgia	HR 1256 (2024) created a House Study Committee on the Establishment of a Baby Bonds Program, HR 99 (2025) proposed a constitutional amendment to authorize the General Assembly to expend public funds for Baby Bond savings programs, and HB 284 (2025) proposed the creation and administration of the Georgia Baby Bond Savings Plan.
Hawaii	HI HCR44 (2024) requested that the Department of Human Services convene a Baby Bonds Working Group to develop recommendations for a Baby Bonds program. HI HB324 (2025) proposed establishing the Wealth Building Working Group to develop a plan for the creation of a Hawaii Baby Bonds program.
Maryland	HB 568 (2021) proposed establishing the Maryland Baby Bond Account Program. Montgomery County Bill 5-24 (2024) proposed establishing a nonlapsing Child Investment Fund administered by the Department of Finance. HB 753 (2025) proposed requiring the Comptroller to conduct a feasibility and fiscal impact study of a statewide Maryland Baby Bond Account Program.
Massachusetts	S.1999 (2023) proposed establishing the Massachusetts Baby Bonds Program, including the creation of the Massachusetts Baby Bonds Trust Fund. H.3429 (2025) petitioned for legislation directing the State Treasurer to establish the trust fund to assist designated beneficiaries in pursuing opportunities for education, housing, entrepreneurship, and other approved wealth-building uses.

Federal / State	Description
Michigan	HB 6079 (2024) proposed creating the Michigan Baby Bond Trust Account Program within the Department of Treasury to provide a \$3,200 trust account for each child born on or after January 1, 2024, with funds available for eligible wealth-building expenditures, including education, homeownership, business investment, and other approved investments.
Nevada	AB 28 (2023) proposed establishing the Nevada Baby Bonds Program to be administered by the State Treasurer. AB 67 (2025) proposed establishing the Nevada Baby Bonds Program and the Nevada Baby Bonds Trust Fund, and set forth the duties and responsibilities of the State Treasurer in administering the program and trust fund.
New Jersey	AB 4638 (2020) proposed establishing the New Jersey Baby Bond Account Program and the Baby Bond Account Fund. A1579/S768 (2022) subsequently proposed appropriating \$70 million from the General Fund to the Baby Bond Account Fund.
New Mexico	HB 16 (2024) proposed creating the Children's Future Fund in the state treasury. HB 7 (2025) proposed establishing the Children's Future Fund and providing a share of the fund to each eligible person born on or after January 1, 2025, for specified wealth-building use. SB 397 (2025) proposed creating the Next Generation Trust Fund and requiring the Department of Finance and Administration to administer the program.
North Carolina	SB 674 (2023) proposed establishing the Baby Bond Program Trust Fund to provide a \$2,000 trust account for eligible children born on or after January 1, 2024, administered by the Baby Bond Program Trust Fund Board of Trustees.
Washington	SB 5125 (2023) proposed creating the Washington Future Fund Program. HB 1661/SB 5541 (2025) proposed establishing the Washington Future Fund Pilot Project to study the impacts of providing capital assistance for wealth-building uses, including homeownership, entrepreneurship, and postsecondary education.
Wisconsin	SB 1036 (2023) proposed creating a Baby Bonds Program and Baby Bonds Fund, granting rulemaking authority to the Department of Financial Institutions, and providing an initial \$3,000 investment into each eligible child's account.

References:

"Baby Bonds Around the U.S." The New School. Institute on Race, Power and Political Economy, <https://racepowerpolicy.org/baby-bonds/baby-bonds-around-the-us/>. Accessed 4 Mar. 2026.

"Baby Bonds at the Federal Level" The New School. Institute on Race, Power and Political Economy, <https://racepowerpolicy.org/baby-bonds/baby-bonds-federal/>. Accessed 4 Mar. 2026.

Table C3. Baby Bonds Policy Simulation Studies

Study	Findings
Cosic et al. 2024	• People from lower-income families and Black and Hispanic people would, on average, receive the largest Baby Bond account balances. • Baby Bonds would increase median and average family wealth among Black and Hispanic families, although substantial racial wealth inequalities would persist. • Baby Bonds would reduce both the share of people taking on student loans and the amount of student debt by age 45, with the largest reductions among Black and Hispanic people • Among people not projected to use Baby Bonds for higher education, homeownership would increase slightly, although the overall increase in homeownership would be negligible. • Baby Bonds would increase home equity and retirement savings, with the largest gains in home equity among Black women and the largest gains in retirement savings among Black men and Hispanic men and women.
Dvir-Djerassi 2024	• Universal Baby Bonds financed through a progressive wealth tax would substantially reduce the Black–White racial wealth gap over a generation. • More generous contributions would produce larger reductions in racial wealth inequality than smaller contributions. • A progressive design, with larger initial contributions for children from lower-wealth families, would reduce the median racial wealth gap more than a universal flat-dollar design after 30 years. • The wealth tax used to finance the program would account for approximately one-fourth of the reduction in the mean racial wealth gap. • Race-neutral Baby Bonds would substantially reduce racial wealth inequality but would not fully achieve the broader goals of reparations.

Study	Findings
Himmelstein et al. 2024	• Greater wealth would be associated with longer survival, with an estimated 13.5-year difference in longevity between the highest and lowest wealth deciles. • Baby Bonds would increase population-wide median longevity by approximately 1.0 year. • Baby Bonds would produce the largest longevity gains among people in the lowest wealth deciles. • Baby Bonds would increase median longevity by approximately 4.0 years for Black adults and 1.7 years for White adults.
Mitchell et al. 2020	• Income-based Baby Bonds would substantially reduce the racial wealth gap through progressive annual contributions based on family income. • Baby Bonds would reduce the racial wealth gap, although existing home equity disparities would limit reductions in overall household wealth inequality. • Baby Bonds would produce larger reductions in racial wealth inequality when measured excluding home equity. • Higher investment returns would increase Baby Bond account balances and further reduce the racial wealth gap. • Program modifications, including supplemental payments for older children and allowing recipients to invest funds in Roth IRAs or other long-term investments, could improve the equity of Baby Bonds.
Weller et al. 2021	• Baby Bonds would produce the largest reduction in the Black–White wealth gap among five wealth-building policies evaluated. • All five simulated policies would reduce the Black–White wealth gap, but none would eliminate it on its own. • Implementing all five policies together would substantially reduce the Black–White wealth gap, but about half of the gap would remain. • Baby Bonds would more than double the projected wealth of Black households by retirement while also increasing wealth for White households. • Additional direct wealth transfers to Black households would still be needed to eliminate the Black–White wealth gap.

Study	Findings
Zewde 2020	• Universal Baby Bonds would reduce the Black–White median wealth gap from approximately 16:1 to 1.4:1 among young adults. • Universal Baby Bonds would increase median wealth for all young adults while directing the largest wealth gains to children from the lowest-wealth households. • Universal Baby Bonds would substantially increase wealth at the bottom of the wealth distribution while producing relatively small increases among the wealthiest households. • Universal Baby Bonds would reduce wealth concentration, decreasing the share of wealth held by the top decile from 72% to 65%. • Universal Baby Bonds would raise wealth at the bottom and middle of the wealth distribution more than at the top, compressing the overall wealth distribution.

References:

Cosic, D., Brown, M., Zinn, A., Torres Rodríguez, S., Biu, O. Modeling the Impacts of a Federal Baby Bonds Program: Impacts on Financial Wealth, College Attainment, Student Debt, Home Equity, and Retirement Savings. The Urban Institute. Dec. 2024.

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Zewde, Naomi. "Universal baby bonds reduce black–white wealth inequality, progressively raise net worth of all young adults." The Review of Black Political Economy 47.1 (2020): 3–19.

Table C4. States' Baby Bond Program Design Features

Policy Design Features	Comparison of States' Baby Bond Programs or Proposals
Substantial initial contribution	Initial contributions in state Baby Bonds programs and proposals range from \$500 (District of Columbia, D.C., and Iowa), \$4,000 (Washington State), and up to \$8,000 (California) for eligible youth.
Public funding source	All programs and proposals rely on public funding, including general funds, annual appropriations, tax revenues (e.g., estate, gift, capital gains, or capital income taxes), reserve funds, opioid settlement funds, or state unclaimed property funds. Connecticut is the only enacted program with a dedicated long-term funding source through reserve funds. Vermont and Rhode Island propose using state unclaimed property funds. Illinois proposes using opioid settlement funds.
Eligibility criteria	The federal American Opportunity Accounts Act (AOAA) proposal provides universal eligibility at birth. State programs and proposals generally limit eligibility to children from low-income families. Most determine eligibility using Medicaid, CHIP, other public assistance programs, or federal poverty level thresholds. Massachusetts proposes eligibility based on receipt of Transitional Aid to Families with Dependent Children or foster care status.
Annual contributions	California, Connecticut, Delaware, Nevada, New Jersey, Washington, and Wisconsin do not provide annual government contributions. D.C., Georgia, Iowa, New York, and the federal American Opportunity Accounts Act proposal provide annual government contributions.
Financial progressivity	The federal AOAA proposal, D.C., and Georgia use progressive annual contribution structures, with children from lower-income households receiving larger annual government contributions than those from higher-income households. Georgia also uses a progressive structure for initial contributions.
Philanthropic contributions	Connecticut, Massachusetts, Nevada, Washington, and Wisconsin permit gifts from public and private entities, including philanthropy, to the program fund. Delaware also permits contributions to individual beneficiary accounts.

Policy Design Features	Comparison of States' Baby Bond Programs or Proposals
Family contributions	Delaware and New Jersey would allow family contributions to individual Baby Bonds accounts. Most other programs and proposals pool assets into a single investment fund, making individual family contributions more complex to administer. Families could instead contribute to separate savings or investment accounts, such as 529 plans.
Automatic enrollment	All state programs and proposals include automatic enrollment, except Iowa, which requires parents to opt in.
Flexible allowable use	All programs restrict Baby Bonds funds at age 18 to asset-building uses, such as homeownership, entrepreneurship, and higher education. Connecticut, Vermont, and Washington require certain assets, such as homes or businesses, to be located within the state. Massachusetts and Nevada also allow funds to be used for vehicle purchases. Connecticut, Massachusetts, and Nevada further permit other uses intended to increase long-term earnings or wealth.
Administrative structure	All Baby Bonds would be held in a single pooled account fund managed by the government. Nevada and Washington would provide annual account statements to beneficiaries. Massachusetts would provide resources and support to help beneficiaries use their funds.
Community Advisory Board	Massachusetts and Washington explicitly require representation from communities disproportionately affected by wealth inequality on program advisory boards or committees.