



Support: HB24-1297: Baby Bonds Program Study
Representatives Willford & Garcia, Senator Coleman

Vote yes on HB24-1297 to direct the Office of the State Treasurer to study the feasibility of implementing a Baby Bonds program in Colorado to give every child a chance for a brighter financial future.

Every child deserves the chance to build their financial future, but unless they have access to generational wealth, their odds of attaining social mobility are slim. Baby Bonds can put them on a path to economic opportunity and financial stability regardless of their childhood circumstances.

Many children in the U.S. are born to families with little to no wealth, or even negative wealth (meaning debts exceed their assets). This is because wealth inequality has reached historic levels: As of 2022, the wealthiest **10%** of American households held approximately **68%** of the total wealth in the country, while households in the bottom **50%** of the wealth distribution had only **three percent** of the total wealth. The unequal distribution of wealth is even starker by race, and it has only grown over the past few decades.¹

What are Baby Bonds?

Baby Bonds are a wealth-building policy tool where the government sets aside a significant amount of money for children in a public trust, shortly after birth, and invests it in financial vehicles that yield returns over time. When these children become adults, they can use those funds to obtain wealth-generating assets, such as purchasing a home, investing in higher education, contributing to a retirement fund, or starting a small business.

Baby Bonds were specifically designed to address the racial wealth gap, which has only widened in Colorado over the last several decades. Opportunities to build wealth in the U.S. include graduating from college, starting a business, and owning a home. In Colorado, we see racial disparities in accessing these wealth-building opportunities:

- While homeownership rates in Colorado have increased for all races since 1960, the gap between white homeownership and homeownership of color has only increased over time. The gap between white and Black homeownership has increased by 13 percentage points over the last 60 years.²

¹<https://www.federalreserve.gov/econres/notes/feds-notes/wealth-inequality-and-the-racial-wealth-gap-20211022.html>

²<https://www.bellpolicy.org/wp-content/uploads/2019/12/Racial-Wealth-Gap-Homeownership-Credit.pdf>

- As of 2020, only 38% of Black residents and 25% of Latinx Colorado residents held any sort of postsecondary credential such as a degree or industry certification, compared to 60% of white residents.³
- A 2016 report by Collective Colorado found that it was twice as likely for a white worker to own a business than a Black worker, and the average value of a white-owned business was four times the value of a Black-owned business.⁴

The gap in access to wealth-building resources for communities of color in Colorado requires a multifaceted solution. A government investment through a Baby Bonds program can ensure children from households with little to no wealth have the initial funding they need to attain financial stability and build wealth.

What will HB24-1297 do?

House Bill 1297 will direct the Office of the State Treasurer to conduct a study to understand the feasibility of and to make recommendations regarding the creation of a Baby Bonds program in Colorado, with broad engagement from stakeholders from different sectors and geographies. The report must be finalized by April 2025.

The study must:

- Assess the distribution of wealth in the state;
- Assess the landscape of existing public assistance opportunities for wealth building for:
 - Individuals whose family income does not exceed 195% of the federal poverty line, adjusted for family size; and
 - Individuals belonging to groups who have historically been denied access to wealth-building opportunities or who have experienced wealth stripping and exploitation, which has led to a lack of intergenerational wealth, including individuals who are Black, Indigenous, and people of color;
- Examine and evaluate the feasibility of creating the program in the state;
- Examine investment options for the program;
- Determine how the creation of the program could address the racial wealth gap in the state; and
- Examine any other area related to a baby bonds program that is deemed appropriate by the state treasurer or a third-party entity conducting the study, including any pilot project of related programs performed in the state.

Supporting organizations:

Colorado Fiscal Institute, Soul 2 Soul Sisters, The Bell Policy Center, Colorado Consumer Health Initiative, Centennial State Prosperity, Colorado Black Women for Political Action, Colorado Center for Law and Policy, Colorado Immigrant Rights Coalition, Colorado Organization for Latina Opportunity and Reproductive Rights, The Early Childhood Partnership

³ <https://www.luminafoundation.org/stronger-nation/report/#/progress/state/CO>

⁴ <https://collective.coloradotrust.org/stories/the-racial-wealth-gap-in-colorado/>

of Adams County, Economic Development Association for Black Communities, Elephant Circle, Gary Advocacy, SiX Action, Spring Institute for Intercultural Learning, The Women's Foundation of Colorado

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