

**Testimony in Support of H 7851 – Rhode Island Baby Bond Trust
House Finance Committee
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The Economic Progress Institute strongly supports Representative Giraldo’s HB 7851, which would create the Rhode Island Baby Bond Trust Act to provide investment funds to children born to families with public health insurance or no health insurance living in Rhode Island.

All Rhode Islanders deserve the opportunity to build wealth and have a secure future. Unfortunately, children born in poverty start out with a disadvantage, and due to the racial wealth gap, children of color are disproportionately born into poverty. According to the Pew Research Center, in 2021, the typical White household had 9.2 times as much wealth as the typical Black household.¹ Studies have shown that inheritances in White families are the driving factor behind the racial wealth disparity.² According to the 2021 KIDS Count Issue brief, between 2015 and 2019 55% of Native American, 33% of Latinx, and 27% of Black children in Rhode Island lived in poverty. And Black and Latinx children were also seven times more likely to live in high-poverty neighborhoods than white children.³

HB 7851 would increase equity and opportunity for low-income children and families in Rhode Island by creating a Rhode Island Baby Bond Trust to provide every child whose birth is covered by Medicaid, or no insurance, with a \$3,000 investment at birth that will yield approximately \$12,000 for the child to use at age 18 for wealth-building purposes such as education, retirement savings, or buying a home or starting a business in RI. According to the Office of the General Treasurer, the implementation of the act would generate \$50 million in economic output.⁴

By implementing HB 7851, Rhode Island would be making a long-term targeted investment in the upward social mobility of poor Rhode Islanders. Connecticut has also recently passed similar legislation. We strongly urge passage of this legislation.

¹ [How Black, Hispanic, Asian, White households compare in wealth | Pew Research Center](https://www.pewresearch.org/short-reads/2021/08/11/black-white-households-wealth/)

² <https://journals.sagepub.com/doi/full/10.1007/s12114-010-9063-1>

³ https://www.rikidscount.org/Portals/0/Uploads/Documents/Special%20Publications/1.22%20Update%20Racial%20and%20Ethnic%20Disparities%20in%20Children's%20Economic%20Well-Being_Dec%202021.pdf?ver=2022-01-25-095159-733

⁴ <https://treasury.ri.gov/press-releases/treasurer-diossa-unveils-his-investing-rhode-islanders-framework>