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Testimony Re: Article 10 Section 3 - RHODE ISLAND BABY BOND TRUST

House Finance Committee

March 4, 2025

Paige Parks, Executive Director

Mr. Chairman and members of the Committee, thank you for the opportunity to provide testimony today. Rhode Island KIDS COUNT would like to voice its strong support for Article 10 Section 3 and thank Governor McKee for adding this proposal to the FY 2026 budget. We also thank Treasurer Diossa and his office for their diligent work in introducing this innovative idea. This act would create the Rhode Island Baby Bond Trust, which would provide investment funds to children born to families enrolled in the Rhode Island Works Program.

The Rhode Island Works Program

The Rhode Island Works (RI Works) Program assists very low-income families in meeting their basic needs through various forms of support, including cash assistance, employment services, food assistance, health insurance, and subsidized childcare. As of December 2023, there were 2,475 adults and 5,644 children under age 18 enrolled in RI Works. Seventy percent of RI Works beneficiaries were children, and 41% of the children enrolled in RI Works were under the age of six.

Rhode Island KIDS COUNT is the lead convener of The Raising RI Coalition, a coalition of 60 advocacy, faith, health care and social service organizations dedicated to lifting children out of poverty by increasing the RI Works benefit and to breaking the cycle of poverty by providing parents with education and training opportunities leading to well-paying, secure jobs. Coalition members include the Economic Progress Institute, Newport Partnership for Families, Rhode Island AFL-CIO, The Rhode Island Interfaith Coalition to Reduce Poverty, the Right from the Start Campaign, United Way of Rhode Island, The Rhode Island Chapter of the American Academy of Pediatrics, The Rhode Island Coalition Against Domestic Violence, and many more.

Wealth inequality begins at birth and is deeply tied to systemic barriers that disproportionately affect low-income families and communities of Color. The racial wealth gap in Rhode Island has persisted across generations due to historic and ongoing inequities in homeownership, education, and access to capital. The Baby Bond Trust Act represents a transformative opportunity to break this cycle by ensuring that every child born into economic hardship has a financial foundation for their future.

This legislation would **automatically invest \$3,000 for each child** whose parent or guardian is enrolled in the **Rhode Island Works Program** within the first year of the child's life. The funds will be held in trust and, upon turning 18 years old, beneficiaries



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who have remained Rhode Island residents for at least two years will be able to access these funds for **wealth-building opportunities** such as:

- **Higher education, vocational training, or apprenticeships**
- **Homeownership in Rhode Island**
- **Entrepreneurship and business development**
- **Other long-term investments that promote financial security**

Connecticut was the first state to enact legislation in 2021 to provide eligible newborns with baby bond accounts (\$3,200). Washington, D.C. launched a similar program, where funds could potentially grow to \$25,000 by the time the child turns 18. Eight more states, including New Jersey, Iowa, Wisconsin, Washington, Nevada, Louisiana, Maryland, and Massachusetts, have considered or proposed Baby Bond legislation.

Young adults' access to money depends on their family's wealth (which is affected by historical and systemic racism), not their own choices or moral values. Without start-up money, young Adults of Color and those from low-income families fall behind their white and wealthier peers in generating wealth.

Baby bonds could disrupt the cycle of poverty and support the building of generational wealth. Investing in Rhode Island's children today means building a stronger, more equitable economy tomorrow. The **Baby Bond Trust Act is not just an anti-poverty initiative—it is a racial and economic justice policy** that acknowledges the structural barriers families face and provides a concrete path toward a more just and prosperous future.

I urge this committee to support the passage of **Article 10, Section 3** and ensure that Rhode Island leads the way in **giving every child a fair start in life, regardless of the zip code they are born into**. Thank you for the opportunity to provide testimony today.