

New York City Council
Memorandum in Support of Legislation

This memorandum is authored by the sponsor and explains the need for the legislation referenced below, in accordance with Rule 6.00(d) of the Rules of the Council.

Introduction Number:

Prime Sponsors:

Council Members Hudson, Williams, Won, and Menin

Bill Title:

A Local Law in relation to a pilot program to establish a baby opportunity fund

Submitted by:

Council Member Hudson

Justification:

The policy of baby bonds is no longer new and untested. Since it was first pioneered in Connecticut and Washington DC in 2021, more states and municipalities are exploring implementing baby bonds — publicly-funded trust accounts for newborns to use for wealth building activities — as a means to close the racial wealth gap. Journalist Annie Lowrey [called it](#) a “cheap, race-neutral way to close the racial wealth gap.”

The City has already begun this work through the [NYC Kids RISE Save for College](#) program, which provides every kindergarten student an initial \$100 investment in a state 529 Direct Plan account that can be utilized for higher education. (If the beneficiary doesn’t use it for higher education, up to \$35,000 can be rolled over into a Roth IRA.) If a family saved \$100 a month in a 529 account for 18 years, they would [amass an estimated \\$35,400](#) total that could be used for higher education.

But we must also ensure opportunities exist for families for whom higher education is not the preferred route. In Connecticut, the state established the [CT Baby Bonds](#) program, which automatically enrolls children born on or after July 1, 2023 who are covered by the state Medicaid program and provides \$3,200 in a state-managed trust that can be used for wealth-building activities like education, starting a business, retirement savings, or buying a home.

As such, the Council must pass legislation to require the Department of Youth and Community Development (DYCD) or any agency designated by the Mayor, to partner with a nonprofit that

manages qualified interest bearing savings accounts, including 529 accounts, to establish a Baby Opportunity Fund. The agency would coordinate with the Department of Health and Mental Hygiene (DOHMH) and Department of Education (DOE) to identify eligible children that qualify for the program and work with the nonprofit to deposit \$2,000 in the account within three months after the application for the eligible child is received.