



OVERVIEW

Councilmembers Will Jawando and Gabe Albornoz are sponsoring the **Child Investment Fund (CIF)**, to invest in Montgomery County's young people, who are the future of our community.

Each year, based on the number of babies born in Montgomery County, the County will allocate funds that grow in an interest-bearing account over time. Once a child turns 18 years old and is a resident of the county, they are eligible to withdraw from the fund to support vocational or educational expenses, investment in a business in the county, purchasing property in the county, or retirement investments. Payments will be made progressively based on wealth and income at the time of application.

The bill would encourage young people to build their future in Montgomery County, thereby investing in the county and addressing the racial wealth gap. This small investment has an exponentially positive impact for years to come.

WHY IT MATTERS

Often referred to as "Baby Bonds," this type of program is projected to reduce racial wealth disparities.¹ **This program provides increased opportunity for all residents to thrive.**

While some families can make investments to support their children, many are not able to do so because of a lack of resources. Systemic barriers to generational wealth-building include pay disparities, educational inequities, discriminatory financial practices, and housing discrimination.²

The racial wealth gap is particularly acute. In 2021, a White household had 9.2 times and 5.1 times as much wealth as a Black or Hispanic household, respectively.³ In Montgomery County in 2022, the highest 20% of earners took home 15.4 times as much as the lowest 20% of earners.⁴

¹ Zewde. (2019). <https://journals.sagepub.com/doi/10.1177/0034644619885321>
²Centers for American Progress

³ Pew Research Center

⁴ FRED Economic Data, updated December 2023

SIMILAR LEGISLATION

As of January 2023, there were three enacted and nine proposed laws across the United States, mostly at the state level. Washington, D.C. and Connecticut established their programs in 2021; California in 2022.⁵

There is a significant body of research exploring the key characteristics and outcomes of successful policies. Prosperity Now, CASH Campaign of Maryland, and ACLU all support the concept at the heart of this legislation.^{6,7,8}

PROPOSED LEGISLATION

Establishes the Child Investment Fund

- On an annual basis, the County would use estimated birth rates to invest \$1,800 per child expected to be born that year.
- Funds are subject to appropriation.

Establishes the Child Investment Fund Advisory Committee

- 11-member committee appointed by the County Executive and confirmed by the County Council.
- The committee oversees the fund and advises the County Council.

Fund Eligibility

- Eligible children must be born in Montgomery County on or after Jan 1, 2024.
- Eligible children can apply for funds once they turn 18 years old (up to age 36), and must be a county resident.
- Payments are based on wealth and income at the time of application.

Fund Usage

- Vocational or educational expenses.
- Ownership or investment in a business located in the county.
- Purchasing property in the county.
- Retirement investments.

⁵ Brown, Biu, Harvey, & Shanks. (2023). [The State of Baby Bonds](#).

⁶ Prosperity Now "A Brighter Future with Baby Bonds"

⁷ CASH Campaign 2024 Legislative Priorities

⁸ ACLU Support for Baby Bonds



FAQs

Question: Will the \$1,800 be set aside for an individual child at birth?

Answer: No. Funds are allocated based on estimated births in the county.

Question: Will my baby qualify for an investment regardless of my income?

Answer: Yes. The qualifications for fund disbursement is based on the eligible applicant's income and other factors at the time of disbursement. Payments will be made progressively based on wealth and income at the time of application. The Child Investment Fund Committee will outline the criteria for disbursements to ensure that the adults with the least amount of personal wealth are able to benefit most from the investment fund.

Question: How do I learn more about the CIF and baby bonds?

Answer: There will be many opportunities to learn more about this innovative program and add your voice!

- **Participate** in the public hearing.
- **Follow** the discussion with the council committee.
- **Share** your feedback to Councilmembers Jawando and Albornoz.

LEGISLATIVE CONTACTS

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