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Restore Baby Bonds

Washington DC must restore full funding for the District's Child Trust Fund Program, colloquially known as the "Baby Bonds" program, in its FY 2026 Budget. The Baby Bonds program represented the District's commitment to racial wealth equity. The DC Council must ensure timely implementation so eligible children can have wealth-building assets.

DC has one of the most extreme racial wealth gaps in the nation, with white households holding 81 times the wealth of Black households.¹ The median net worth of white households in DC is \$284,000, while Black households hold just \$3,500²—a staggering disparity rooted in systemic barriers to wealth-building. Baby Bonds invest directly in wealth-building, ensuring financial security for children from low-income households as they enter adulthood. Without Baby Bonds, DC risks perpetuating one of the most extreme racial wealth divides, failing to provide a proven solution for generational economic security.

The Child Wealth Building Act of 2021 was unanimously approved by the DC Council, signaling broad citywide commitment to wealth-building for low-income families.³ Recognizing the urgency of racial wealth equity, the Council codified the Child Trust Fund Program and allocated \$32 million to the program in FY 2022.⁴ However, despite this commitment, Mayor Bowser removed all funding in FY 2024, forcing the Council to reallocate funds and reaffirm its support for Baby Bonds.⁵ This restoration underscored policymakers' recognition that Baby Bonds are essential to addressing systemic barriers to wealth-building. As of January 2024, the program moved into active implementation, transitioning from a policy concept to a tangible initiative ready to serve DC's children.⁶ Despite this progress, Mayor Bowser repealed the Child Wealth Building Act of 2021 in the recently introduced FY 2026 Budget Support Act of 2025.⁷ Mayor Bower's 2026 budget removes all funding for Baby Bonds, jeopardizing its implementation and the District's commitment to racial wealth equity. The DC Council must once again fight to restore funding for Baby Bonds in FY 2026 to ensure the program fulfills its promise to low-income families.

Baby Bonds are an antiracist policy designed to tackle systemic wealth inequality.⁸ While eligibility is not based on race or ethnicity, the program primarily benefits Black, Latinx and Indigenous children along with low-wealth white households.⁹ This reinforces that Baby Bonds combat economic inequality broadly, rather than being race-specific. A 2019 study by Naomi Zwede found that if Baby Bonds had been implemented in the mid-1990s, young adults (ages 19-25) from the bottom 20% of the wealth distribution would have accumulated on average \$45,000 compared to just \$10,000 for those in the top 20%.¹⁰ The racial gap would have shrunk dramatically—instead of White households holding 15.9 times the median wealth of Black households, the gap would have narrowed to 1.4 times.¹¹ Baby Bonds yield long term returns by reducing poverty-related costs, such as housing instability, student debt burdens, and reliance on government assistance. Other states, like Connecticut, have successfully implemented Baby Bonds, proving that state-level funding models can work.¹²

Unlike traditional anti-poverty programs that provide temporary relief, Baby Bonds create lasting financial security by ensuring children from low-wealth households have capital to invest in assets when they reach adulthood. The funds can be used for education, homeownership, business investments, and retirement savings, all of which contribute to long-term economic mobility.¹³ By investing in children's futures, Baby Bonds reduce reliance on social safety nets over time, making it a cost-effective policy that strengthens economic independence.

Policymakers must uphold their commitment to Baby Bonds and ensure DC delivers on its promise to close the racial wealth gap. The DC Guaranteed Income Coalition urges full restoration of funding in the FY 2026 budget to protect this critical investment in economic equity.

For a full list of references, please refer to our website.

