

Bill 5-24, the Child Investment Fund (CIF)

Good evening Council President Friedson, Councilmembers, Staff and Community members.

My name is Esther Wells and I am a proud immigrant from the Caribbean island of Trinidad and Tobago. Happy Caribbean American Month!

Bill 5-24, Child Investment Fund, is an anti-immigrant Bill and goes against our commitment to creating an inclusive, equitable and welcoming County. **I strongly urge Councilmembers to withdraw sponsorship and vote against this Bill.**

As of 2022, 32% of Montgomery County, Maryland's population, or 339,000 people, were born outside of the country, making Montgomery County one of the most diverse counties in the United States.

The Child Investment Fund will allow an eligible child, which is an individual born on or after January 1, 2024 who was a resident of the County at the time of birth, to take advantage of this investment. This means that ALL immigrant children migrating to Montgomery County will not be eligible for the Child investment fund. However, these immigrant families will be required to pay for the annual appropriation to the Child Investment fund with their tax dollars. That's not inclusive, that's not equity, that's not welcoming. Bill 5-24 is anti-immigrants.

When an eligible child reaches age 18, they can apply for \$1,800 plus any earnings and interest, which is roughly \$10,000 calculated at 10% annually for 18 years.

The first year of payout is 2042 and \$10,000 will not materially reduce "the racial wealth gap and systemic barriers to generational wealth-building".

Bill 5-24 picks winners and losers

- **Losers:** are ALL the immigrant children that will never qualify.
- **Winners:** a child born in Montgomery County after 2023, who's family moves out of the County and comes back 18 years later, can become a Montgomery County resident and apply for the disbursement of approximately \$10,000 to go to a university anywhere in the Country. Their family paid no taxes in Montgomery County and did not contribute to this annual investment of public funds. Meanwhile families who are Montgomery County residents with children born outside of Montgomery County or before 2024 and live and pay taxes here their whole life, get zero dollars and zero cents.

Education is the greatest equalizer. If your goal is to reduce wealth inequity in the County, focus on MCPS student proficiency in reading and math scores for our most vulnerable populations of students: people of color, immigrants, low-income students, and Special education students.

In summary Bill 5-24, Child Investment Fund:

- Is anti-immigrants.
- Will not accomplish the intended purpose.

- Goes against our commitment to creating an inclusive, equitable and welcoming County.
- Picks winners and losers
- Taxpayers cannot afford the annual fiscal price tag for the Fund and so I'm looking forward to the GO Committee work session on this Bill to substantiate my claim.
- We need to focus on fully funding public safety & education.

Thank you!



OVERVIEW

Councilmembers Will Jawando and Gabe Alborno 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, Blu, 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

Your potential investment return is

\$10,007.85

Edit Calculator Inputs

with **\$1,800.00** at **10.00%** annually for **18** Years.

Are you on track?

See how your money may grow over time. Enter a starting amount, a rate of return and how long you plan to save.

Source: https://www.edwardjones.com/us-en/market-news-insights/financial-calculators/investment-calculator?utm_source=google&utm_medium=paidsearch&utm_campaign=20833985210&utm_agid=157081166795&utm_term=investing%20calculator&creative=696293539604&device=c&mip=exp&mbu=per&mau=na&mob=stc&mbt=gim&ads_rl=8628670664&&&gad_source=1&gclid=Cj0KCQjw97SzBhDaARIsAFHXUWCJA3k51Qzggcdpu7UR0iXZsZclGXXJsWqTNmlr4DNYgRsPTY8y7QaAmUnEALw_wcB&gclsrc=aw.ds