



Montgomery County Community Action Board Testimony
County Council Bill 5-24, Finance - Child Investment Fund
June 18, 2024

SUPPORT

The Montgomery County Community Action Board (CAB), the County’s local, state, and federally designated anti-poverty group, is in support of County Council Bill 5 – 24, which would establish a Child Investment Fund for children born here in the County.

As advocates for the lower-income community, the Community Action Board supports policies and programs that promote equity, economic opportunity, and help break the cycle of poverty. The Child Investment Fund has the potential to do all of these things and would place Montgomery County at the forefront of local jurisdictions taking bold steps to reduce wealth disparities. The \$1,800 invested in every child born in the County would grow over time, allowing eligible adults to pursue education, homeownership, and other activities that would likely have been off-limits to them.

Research shows that this type of fund, often called “baby bonds”, provides a significant opportunity for children in lower-income families to gain wealth and opportunities that they would not otherwise have. According to Prosperity Now, “Because wealth is primarily inherited from the previous generation, generations of households of color continue to be locked out of economic opportunity. At the median, Black [non-Latinx] households and [Latinx] households have only 12 cents and 21 cents respectively for every \$1 of wealth held by white [non-Latinx] households.”¹

As we know all too well, these economic disparities exist here in Montgomery County. While the median income for white households is \$139,371 and \$128,746 for Asian households, the median income for Black households is \$82,835 and \$85,910 for Hispanic/Latinx households. Likewise, the homeownership rate, a key indicator of wealth, is 74.5% for white households and 70.6% for Asian households, but only 42.2% for Black households and 54.8% for Hispanic/Latinx households.² As Prosperity Now explains, without any sort of policy intervention, these types of disparities will continue generation after generation. With this bill, the Council has the opportunity to make such a policy intervention that can have a substantial impact on children born into lower-income households in our community.

¹ <https://prosperitynow.org/baby-bonds>

² <https://scorecard.prosperitynow.org/data-by-location#county/24031>

It is important to note that the disparities discussed here are compounded by the fact that the cost of living is so high in Montgomery County. For example, according to the Montgomery County Self-Sufficiency Standard, a household with two working adults, one preschooler, and one school-age child needs to earn \$122,943 to cover their basic necessities, over four times the federal poverty level.³ Furthermore, while 81% of white households in the County earn enough to meet the Self-Sufficiency Standard, 70% of Asian households, 54% of Black households, and just 48% of Hispanic/Latinx households are meeting the Self-Sufficiency Standard.⁴ Helping the next generation build wealth can reduce these disparities and move more County households closer to the Self-Sufficiency Standard.

The CAB recommends that the Council consider additional policies that research has proven can reduce disparities, including increasing funding for the County's Working Families Income Supplement and other tax credits for lower-income files, increasing the minimum wage, and expanding opportunities for homeownership. We ask that you pass this bill and make the Child Investment Fund a reality for the next generation here in Montgomery County.

³ https://www.montgomerycountymd.gov/HHS-Program/Resources/Files/MDMontCo2023_SSS.pdf

⁴ <https://www.montgomerycountymd.gov/HHS-Program/OCA/CommunityAction/interactiveSelfSufficiency.html>