POST CONFERENCE REPORT

FINANCIAL INDEPENDENCE

Using Wealth and Income Policies to Forge a New Social Contract:

Giving People Something to Live For

Forward

The goal of the conference Using Wealth and Income Policies to Forge a New Social Contract: Giving People Something to Live For (short title: Financial Independence), held on September 16 and 17, 2024, in Washington, D.C., was to bring together experts from the asset and income fields to share theory, evidence, and best practices as part of an effort to begin a more earnest conversation about the development of a new social contract designed to end poverty. The conference was divided into four sessions. Sessions One and Two focused on Children's Savings Accounts and Baby Bonds as promising asset-building policy proposals for solving the wealth component of poverty. Session Three focused on Unconditional Cash Transfers, the Child Tax Credit, and Child Allowances as promising income policy proposals for solving the income component of poverty. Because poverty has both an income and asset component, Session Four discussed why a core component of a new social contract to end poverty must include combining these policies and coalitions.

This forward discusses narratives related to the concept, financial independence. Too often the important role of narrative in connecting people to findings has been ignored by academics. As a result, rather than explaining how a particular concept like wealth transfer or in this case, financial independence aligns with American ideals, academics choose to formulate new words that have the same meaning but are not commonly used in public discourse. This can serve to further alienate academics from the average person making them feel elitist, not connected, even unamerican. This can also make the academic appear to be misleading the public, because even though a new word is chosen the fact that it is still is representative of a wealth transfer is known by everyone. It also allows others to define, for example, the concept of a wealth transfer as unamerican. In the next section a discussion of financial independence as used in this document is provided.

By William Elliott

Financial Independence

As used here, financial independence does not mean that a person acting in society acts independently. Everyone benefits from public policies—tax deductions, Social Security retirement, public goods like roads, regulation of commerce, etc. Thus, no person truly acts outside of the influence of public policy. However, even though people do not act completely independent of public policy, the legal system still holds people accountable for "their" actions. This is an acknowledgment that, in most cases, there is still an aspect of a person's actions that can be traced back to them, their decision-making which makes them accountable.

In this report, financial independence is not about an individual's ability to function in their economic environment. It is about how the economic environment functions in relation to the individual. Being financially independent requires having the freedom to choose, and having those choices matter for the outcomes people achieve. Financially independent people act in an economic environment where differences regarding institutions, economic resources, and literacy training are not determinative of outcomes. Further, it is not enough to say everyone has access to these resources; they must also possess them for it to be said one is living in an economic environment that provides the conditions for financial independence. From an American viewpoint, this environment is supposed to provide the conditions that constitute a meritocracy.

What is meant by a society being considered a meritocracy? In a meritocratic economic environment, it is not that institutions, economic resources, and training cease to affect performance. For example, people with access to a computer can do calculations more efficiently and more complex calculations because the computer augments what they can do on their own (think of Iron Man in the comics). However, it is often the case that even though two people have the same computer and the same training, one will still outperform the other. A meritocracy does not provide the conditions to ensure everyone achieves the same outcomes. What it seeks to do is to create an economic environment where differences in outcomes are due to individual differences and not their environment. In essences, it magnifies the role of the individual.

Therefore, what threatens a meritocracy is when one person does not have an equivalent computer or training—simply put, inequality threatens a meritocracy. Currently, there is a large amount of inequality in the American economic system. For example, the bottom one-fifth of earners in 2021 made $22,500 in pre-tax income, and the top one-fifth made $418,100 (Peter G. Peterson Foundation, 2024). Further, in 2022, families at the 10th percentile of the wealth distribution had about $450 in wealth, while the families at the 90th percentile had about $1.9 million in wealth (Brown, McKernan, Garon, Cohen, Harvey, Steuerle, & Biu, 2024). There are also significant gaps in access to financial institutions (Dahl & Fanke, 2017) and levels of financial literacy (Angrisani, Barrerra, Blanco, & Contreras, 2021; Lusardi & Mitchell, 2014). When compared to other developed countries, income and wealth inequality is higher in America than in almost any other developed country (Sirirpurapu, 2022). Deep and widespread inequality indicates that America is not functioning as a meritocracy.

When people act under environmental conditions where significant inequality exists, it can no longer be discerned whether the differences in performance are because of the individual or the environment they live in. Consequently, when it comes to designing policy, the threat that the economic system is not functioning in a meritocratic manner is of greater concern than the threat that the individual is or will underperform (e.g., concern that if the government gives families unconditional cash transfers, some people will work less). Therefore, it might be said that some welfare benefits (i.e., transfers) can be so important to the American economic system functioning as a meritocracy that the government must guarantee every person who is eligible for the benefit has the benefit (Elliott, 2024a). From this viewpoint, providing transfers for the purpose of creating conditions that align with being a meritocracy is an American idea. Moreover, when people live in environments that make them financially independent, it makes them more accountable, not less accountable.

A financially independent person lives in an environment where the conditions exist for them to become a financially capable person, which is not to say they are financially capable. They have a financial institution that augments their capacity for building wealth, enough economic resources to not only meet their basic needs but to invest in their growth and development, and the knowledge and skills required to pursue future possible functionings (Elliott & Zheng, 2023). From a capability perspective, functioning is what a person can do and be in their life, now or in the future (Sen, 1999). Future possible functionings then, are functionings people identify as possible for them to achieve in the future. It does not mean, however, that a financially independent person

will always achieve the best outcome—the environment does not explain all of the outcomes; there is an individual component as well. Financial independence is not about a person's functioning but the functioning of the economic environment. This report discusses how ending poverty requires policies that provide people with an environment that makes them financially independent. As a financially independent person, they can become financially capable if they put forth the required effort and possess the required ability. Given this, and consistent with meritocratic principles, ending poverty is not about everyone having the same economic outcomes. Certainly, the government should still provide a floor below which no one should fall. However, establishing a floor is based on a nation's values and not meritocratic principles per se.

In the case of financial literacy, while it is the responsibility of society to ensure everyone has literacy training, this is where the individual aspect of outcomes may standout the most. Some will be able to better use the training than others (i.e., have gained more knowledge and have become better skilled), which influences what they can produce with institutions, income, and wealth. What this stresses is that in a meritocracy, people will differ individually in the amount of effort and ability they have, as well as in what they prioritize regarding the pursuit of happiness (e.g., helping others over gaining wealth). And so, the problem is not that differences exist, it is that differences exist due to inequality.

Before closing, a disclaimer of sorts is needed. This report focuses on the economic environment. It does so, in part, because this is what the government can most easily shape through policy, and even more practically, the conference focused on the economic environment needed to end poverty. Also important to note is that a distinction is being made between ending poverty and eliminating inequality. You can end poverty and still have inequality even though the policies needed to end poverty will most likely substantially reduce inequality. That is, inequality means, for example, people of different racial groups, on average or at the mean, are restored to have similar levels of wealth; this is different from ending poverty. We can imagine a person of color being financially capable but not having the same level of wealth as their White counterpart because of historical injustices. Then, they would not be poor. However, differences in wealth would still exist that go beyond one's current economic environment and extend back to things like slavery, redlining, banking, etc. This is important to point out because there are other key aspects, such as the influence of race or gender that will continue to play a role in conjunction with the economic environment to influence people's outcomes. However, they may require a different set of policies (e.g., policies that would combat things like redlining, racialized cost of banking, etc.) that may have to be layered on top of the ones recommended in this report if the goal is to have America fully reach its ideal of being a true meritocracy.

Acknowledgments

I would like to thank Annie E. Casey, the Charles Stewart Mott Foundation, the McKnight Foundation, and the University of Michigan's School of Social Work for their financial support in making the conference and this report possible. A special thanks goes to the McKnight Foundation for providing early, expedited funding so that the conference could happen on rather short notice, taking advantage of the policy moment. I would also like to thank them for their presence and participation throughout the conference. In particular, we thank President Ridgway White of the Mott Foundation for attending the conference and allowing us the opportunity to honor the foundation for all that it has done over the last 20 years to support the asset-building field.

I would also like to thank the Center for Social Development, the Center for Guaranteed Income Research, and Poverty Solutions for co-hosting the conference. I would like to thank Michael Sherraden, Amy Castro, and Luke Shaefer for the considerable help they provided in bringing together researchers, policymakers, and practitioners from the income and asset fields. It would not have been possible to get the group of people together at the conference without their endorsement. They also played key roles in the overall structure of the conference. I would also like to thank all the presenters. The timelines were tight for preparing for the conference and the post-conference report, and they were never the cause of delays, which is a real testament to them and their commitment to the conference's goals. I would also like to thank the conference event planner, CHM Dynamics LLC, particularly Chong Moua. She assured me that the event went as smoothly as possible under not ideal circumstances given the time constraints. Her leadership helped make the event a success.

Introduction *By William Elliott*

Wrong Target: Lessons from the Child Tax Credit and Moving Children Above a Poverty Line

The primary goal of income policies in the U.S. has been to move children out of poverty, which means moving them just above the federal poverty line. For example, as part of the American Rescue Plan (ARP), in 2021, the Child Tax Credit (CTC) was made fully refundable, allowing children of parents with low or no earnings each year who previously received only a partial credit or none, to fully benefit from the changes (Center on Budget and Policy Priorities, 2022). More specifically, it was expanded from $2,000 to $3,600 per child for children under the age of 6 and $3,000 for children between the ages of 6 and 17. So, for a family of four in 2021, their annual income rose by $7,200 if their children were under the age of 6 and by $6,000 if their children were between the ages of 6 and 17. The CTC has been commonly attributed to having reduced the child poverty rate by 46%, from 9.7% in 2020 down to 5.2% in 2021 (Burns, Fox, & Wilson, 2022).[1]

However, in 2022, after the expanded CTC expired, the number of children living in families with incomes below the poverty line rose to 12.4% (Shrider & Creamer, 2023). This suggests that many of the children and their families who were lifted out of poverty because of the CTC remained economically fragile and most likely shifted from living in poverty to living in near poverty. Living in a near-poverty situation is sometimes defined as having annual incomes between 100% and 125% of the federal poverty line (Hokayem & Heggeness, 2014). Others define it as having an annual income below 200% of the federal poverty line (e.g., Aull, 2016). For example, a family of four, using the federal poverty line in 2021, would be classified as living in poverty if they had an annual income of $26,500. The CTC would have lifted families of four with children under the age of 6 who were living at the poverty line to about 127% of the federal poverty line ($33,700 annually), which can be characterized as living in near poverty. The expanded CTC during 2021 would not have moved a family out of near poverty (200% of the poverty line or higher) unless they had an annual income of about $53,000 or more. Therefore, in as much as people have considered the CTC to be a success, it seems fair to suggest they set the target at giving families income to consume just enough to make it through a day and not enough to have something to live for. By making the target just enough, many families were left economically fragile. Moreover, it is worth noting that even families of four making around $53,000 per year because of receiving CTC payments could still be considered economically fragile. The average family of four living in America in 2021 had a median income of $70,784 (Semega & Kollar, 2022), about $17,784 or 25% more per year than a family of four with an annual income of $53,000.

In support of the fact that the near poor are economically fragile, researchers find that they often shift in and out of poverty from year to year (Rank & Hirschl, 2015) and even within the same calendar year (Morduch & Siwiki, 2017). This might be due to income and expense shocks. Income and expense shocks can arise when unexpected drops in income occur, policy changes (e.g., change to the CTC) occur, or unforeseen expenses arise. Research indicates that these shocks are becoming increasingly common (e.g., Gosselin & Zimmerman, 2008). In as much as income approaches to poverty can move families and children above the poverty line, without combining these policies with wealth-building policies, income policies may simply leave families and children economically fragile.

The Often-Forgotten Role of Wealth in Poverty Discussions

Ending poverty is not only about moving families out of poverty but positioning them so that they are not vulnerable to falling back into poverty. Helping to keep families from falling back into poverty is a clear area where wealth has a role. Meyer, Han, and Sullivan (2024) point out that consumption as a measure of poverty or economic well-being allows researchers to reveal the role that wealth or even access to credit plays in ending poverty. It also captures when families are uncertain about future income streams or expenses that might come up by measuring reductions in consumption/spending. However, the consumption conceptualiza-

[1] This is using the Supplemental Poverty Measure which considers resources and expenses not included in the official poverty measure as well as geographic variation. Using the official poverty measure, child poverty declined from 16% to 15.3% (Burns, Fox, & Wilson, 2022).

tion of poverty, like the income conceptualization of poverty, still rests on a financial needs approach to poverty. That is the idea that policies that make up the social welfare system should be designed to provide a safety net that allows families to consume just enough to make it through the day.

Building on a consumption framework of poverty, a less discussed phenomenon that occurred in 2021 not only because of the CTC but even more so because of the Economic Impact Payments (EIPs) and Unemployment Insurance (UI) payments was the rise in savings among those living near the poverty line (Meyer et al., 2024). Increased savings in 2021 helped smooth out consumption in 2022 for these families (Meyer et al., 2024). This is important to understand the role that wealth can play in poverty discussions. While poverty rose in 2022 because families living near the poverty line were more likely to have savings to fall back on, their consumption did not decrease even though saving in 2022 did. The drop in savings suggests that families were using it, along with access to credit, to smooth out the income shock they experienced due to the change in CTC, EIPs, and UI payments in 2022. The authors conclude, "... savings plays a particularly important role during periods when government transfer benefits are changing substantially" (p. 8). It is worth noting that researchers found that savings that accumulated during the pandemic (2020–2021) are now gone (Abdelrahman, Oliveira & Shapiro, 2024). The role of savings in smoothing out income loss has implications for how combining assets with income policies can make low-income families more financially secure and capable of pursing their future possible functionings.

The Income/Asset Connection

The connection between income policies and particularly the rise in savings among low-income families discussed in Meyer et al. (2024) is further supported by research from Guaranteed Income (GI) programs. GI programs provide families with a recurring amount of cash, typically monthly, with no conditions attached (Castro, 2024). Ross, Elliott, Smith, Quick, Brugger, Davis, and Hamilton (2024) used data from the *In Her Hands* GI experiment to test whether receiving a guaranteed income impacted saving for emergencies. As part of the experiment, in addition to the control group, participants were randomly assigned to either a group that received $850 per month over 24 months or a group that received $4,300 in the first month and $700 in the remaining 23 months. The average annual income of participants in the experiment was $12,591. They find payment recipients (i.e., treatment groups) are about twice as likely to report having emergency savings. Further, they find that they are about 60% more likely to save for their child's education, a topic discussed in the next section. Berger-Gonzalez, Thompson, Castro, West, and Cross (2024) present similar evidence from four (LA, BIG: LEAP; Paterson, NJ; Cambridge, MA; & Columbia, SC) publicly available experiments conducted by the Center for Guaranteed Income Researcher (CGIR). They find that receiving guaranteed income payments is significantly related to low-income families having more than $500 in savings and being more likely to report that they could afford a $400 emergency expense.

In the current social welfare system, research suggests that the income/asset connection is even more important for the lowest-income families when it comes to building wealth. For example, Elliott, Rauscher, and Nam (2018) found evidence that initial assets, even among low-income children, were predictive of the amount of assets they would have later in life. However, in the case of the lowest percentile, income is a stronger predictor of later wealth than initial net worth. This suggests that, in the current social welfare system, income plays an outsized role in the ability of families with the lowest income to build wealth. The increased importance of income for building wealth among low-income families is likely because they start with so little wealth. They have also been mostly excluded from accessing institutions designed to help build wealth. Policymakers' approach to wealth building among low-income families has principally been to increase their income through direct payments or employment. Imbedded in this approach to building wealth among these families is the idea that the primary way low-income families should build wealth is by saving from the income they earn through work (i.e., work more, spend less, or go without). Given that their incomes are low, after they meet their basic needs, they are left with little income for wealth-building purposes (i.e., to invest in their futures). Further, by policy design (e.g., means testing), low-income families also have little wealth to store in financial institutions. In turn, even when given access, financial institutions produce less wealth for them than they do for their wealthier counterparts (Elliott, 2024a).

How Can Income Policies be Designed to Produce the Most Wealth?

Research suggests that the wealth-building power of income is boosted when families have wealth to start with. For example, Shapiro, Meschede, & Osoro (2013) found that a $1

increase in income translates to a $5 increase in wealth for White families but only a 70-cent increase for Black families. However, when Black families start with similar levels of assets, they have a return of $4.03. This suggests that initial family wealth plays an essential role in a family's ability to turn income into new wealth. It is important also to highlight that the kinds of institutions low-income families have access to also matter for how much wealth they can build by saving (see Elliott, 2024b).

While income policies can help low-income families build wealth, they are likely to have a much bigger impact if combined with policies that provide low-income families with a basic level of wealth to start. The American Opportunity Accounts Act of 2024, or the Baby Bonds proposal now before Congress, is an example of a policy that seeks to provide low-income families with initial assets. The Act aims to establish a federally funded account for every child to promote economic opportunity and address the racial-wealth gap. This legislation provides a $1,000 seed savings account at birth, with additional deposits annually up to $2,000 based on family income and allows access to funds for purposes such as homeownership or education at age 18.

Furthermore, a large dollar CSA program, such as proposed in the 401Kids Savings Account Act, also now before Congress, might provide even more help to low-income families than Baby Bonds. This legislation provides children's families with annual gross incomes below $75,000 ($150,000 if married) $500 per year until the child reaches age 18. Families eligible for the Earned Income Tax Credit (EITC) would receive an additional $250 per year. The Act not only provides children with initial wealth but also an institutional structure that can maximize investments put into their accounts while allowing for multiple streams of assets (e.g., from employers, government, philanthropy, foundations, communities, etc.) to flow into a child's account in addition to government funding (see, Elliott, 2024a, b; Sherraden, Clancy, Huang, Shanks, & Elliott, 2024).

Income From Work is Still Income: Note on Employment Policies

It should not be lost in this discussion that the primary purpose of policies that promote employment programs is to provide low-income families with a way to earn income through work. In contrast, wealthy families' income is largely derived from capital/wealth. Among the top 1% of households, only 39% of personal income is derived from labor income (Rosenberg, 2013), and 53% of their income is capital income (e.g., business profits, dividends, net capital gains, taxable interest, and tax-exempt interest). Having most of their personal income derive from long-term investments also means these households receive a discount on their taxes because long-term capital gains tax rates top out at about 20%, while standard income taxes go up to about 40% (Dzombak, 2017). In other words, employment policies are an income strategy mainly for the poor. As much as employment is an income program, it seems reasonable to conclude that it would also be more helpful for building wealth among low-income families when combined with policies that help them build wealth.

Employment Not Enough for Many: The Productivity-Wage Gap

Productivity is the amount of goods and services workers produce per hour worked. Productivity is popularly believed to be the basis for how people can maintain their living standards or a mechanism that helps people move up or down the economic ladder. Indeed, from 1948 to 1973, wages and productivity grew in concert (Mishel, 2012). However, during the last three decades, there has been a decoupling of these forces. From 1979 to 2024, productivity has grown 2.7 times as much as pay (Economic Policy Institute, 2024). The Economic Policy Institute concludes that the whole productivity-wage gap is due to a rise in inequality in the total share of income going to families who own capital (i.e., wealth) as opposed to wage earners/laborers.

The productivity-wage gap seems to strengthen the argument for unconditional cash transfers becoming a normal part of the U.S. social welfare system. In addition, it heightens the need to provide low-income, low-wage families with policies that help them build wealth because they can no longer solely rely on working as a means of moving up the economic ladder.

Income policies should be understood as part of the solution but inadequate on their own for ending poverty. At a minimum, wealth is needed to smooth out income and expense shocks that can lead to families falling back into poverty (Bufe, Roll, Kondratjeva, Skees, & Grinstein-Weiss, 2022). Therefore, it is suggested here that combining income and wealth-building policies provides the most promising strategy for ending poverty. While income can be used to move families above the poverty line, wealth is needed to keep families from falling back into poverty. When families have both income and assets, they become increasingly financially capable, a topic that will be discussed later. That is, families with wealth can withstand typical income and expense shocks that make families without wealth dependent on government transfers to keep from falling into poverty or needing to greatly reduce their consumption. However, as discussed in the next section, wealth not only helps smooth out financial shocks but also helps families build wealth that can be used to move them up the economic ladder. For example, Pew Charitable Trust (2013) found that wealth was strongly related to moving up the economic ladder. Their findings show that Americans who move from the bottom of the income ladder had six times higher median liquid savings, eight times higher median wealth, and 21 times higher median home equity than those who remained at the bottom.

The Power of Dreams

In talking about the New Deal in 1936, President Franklin Roosevelt said: "Liberty requires opportunity to make a living decent according to the standard of the time, a living that gives man not only enough to live by, but something to live for" (Roosevelt & Rosenman, 1938). Without this opportunity, he continued, "life was no longer free; liberty no longer real; men could no longer follow the pursuit of happiness." The idea that social welfare policy should have as its goal, giving families and their children the institutional and economic resources required to pursue their own happiness, aligns with the notion of there being an American Dream attainable by all. Having something to live for is about having grounds for imagining a better future for yourself and your children.

It might be said that the capacity to dream is the best incentive/motivator for people to work, not only to work but to work with the goal of making a better tomorrow for themselves and their employers. The current social contract over-emphasizes the power of mandating work (e.g., work requirements for welfare benefits) over providing conditions to make the Dream a reality as an incentive to work. While work mandates can increase the number of people who are employed, it does not result in people necessarily working to change their position in life; work is not seen as a path to climbing the economic ladder. It might incentivize employers to do less for their employees because they know they will have a steady stream of low-wage workers. That is another flaw to the current system of mandating work; it removes the incentive for employers to help provide the conditions for financial independence. Work mandates can even remove the incentive for the government to supplement low-wage workers to ensure they have the conditions needed to be financially independent. At least they might see it in the short term as easier and cheaper to have a group of people locked into low-wage jobs with little to no opportunity to advance. This ignores what it does in the long run to the belief in the Dream that was America.

Simply put, for those who have had kids, you know you can mandate that they do their homework or go to practice. However, you have seen that it is only when it becomes their dream that they put forward the level of effort that will allow them to reach their full potential. Dreams are a much better producer of effort, the kind of effort that is much more likely to lead to people reaching their full development. It is when people reach their full development that innovation and advancement in society occurs. A new social contract must emphasize the power of dreams, not just any dreams but tangible dreams that rest on the conditions that allow people to become financially independent.

Understanding Poverty as a Problem of Lost Futures

On the one hand, income can be seen as mostly empowering people to shape the present by giving them the resources they need to make choices that influence their present. This is not to say that income does not influence the future. However, income is defined as the flow of resources in a household available for consumption (Sherraden, 1991). As such, by definition, income and income policies are almost exclusively concerned with the present—how much money do families have to buy goods today?

On the other hand, wealth primarily empowers people to shape their futures by giving them the resources they need to buy goods in the future (i.e., gives them a stake in the future). At the very least, wealth gives families the confidence

they will be able to make purchases in the future. In either case, having wealth makes the future more tangible. As such, wealth-building policies can be categorized as policies that are designed to provide families with the opportunity for a better tomorrow; they give people something to live for. Maybe this can most easily be seen in how the Homestead Act, an asset-building policy, gave families power over not only their futures but their children's and their children's futures (Williams-Shanks, 2005). The policy or institutional structure allowed families to claim up to 160 acres of land as their own. The Homestead Act was not as effective as it could have been because it was not connected to an income policy that would give families the money, they needed to have a choice on whether to go and claim the land or not. About 1.5 million families were given 246 million acres because of the Homestead Act. This translated into an estimated 46 million U.S. adults in the early 2000s being descendants of families who received land as part of the Homestead Act (Williams-Shanks, 2005). The land served as an initial asset transferred by the government to these families. This asset was used to produce additional assets for these families. In doing so, it gave some settlers and immigrants tangible grounds for believing that America could provide them with the opportunity for a better tomorrow and the chance to pursue their dreams despite the hardships that came with living in the challenging conditions of the West at that time.

Important to the theme of this report, it is worth reiterating that many poor families lacked the income needed to travel to claim the land from the Homestead Act. So, because the policy gave everyone access, not everyone had the same opportunity to access the land. Families also needed money to build a farm and to purchase things like tools, seeds, and livestock (i.e., initial assets) to have the land produce for them. As a result, the Homestead Act did not end up being a solution for ending poverty. In fact, it increased income and wealth inequality (William-Shanks, 2005). Very few laborers and farmers were able to claim the land (National Archives, 2022). What we learn from this piece of American history is that income and assets, while distinct when it comes to fighting poverty, work better when implemented together.

Today, policymakers typically think solving poverty requires passing income policies first, particularly for low-income families. This is understandable, even if it is shortsighted. Once you see a child hungry or homeless, it feels almost immoral to talk about their futures and, even worse, to take money away from them that could be used to meet today's needs. In the case of the wealthy, the present is taken care of, so policymakers who focus on their futures feel right. However, having policies designed to help the wealthy maximize their wealth-building potential better positions them to stay ahead in the future. This is a reason why, in America, there's so little economic mobility (i.e., up or down) (Manduca, 2021). The current social welfare system does not position low-income families and children to be successful in the future because of its income-first focus when it comes to people experiencing poverty.

Emergency Savings Policies Do Not Open Up the Future to Low-Income Families

Typically, researchers and policymakers almost exclusively talk about emergency savings when discussing the role and types of assets required to keep families from falling into poverty (i.e., smooth out income and expense shocks). One reason the discussion of poverty and assets focuses on emergency savings is that asset poverty is defined as families not having sufficient wealth to cover three months of living expenses without income (Wolff, 2017). This definition of asset poverty is limited to the amount of emergency savings families have and aligns with a financial needs approach to poverty. Recent survey research shows that one in four U.S. adults said they had no emergency savings, and two in three Americans would be worried about having enough savings to cover one month's living expenses (Gillespie, 2024). Another analysis suggests that about 37% of Americans would have to borrow or sell something to cover an unexpected $400 expense (Federal Reserve Board, 2023).

In this brief, it is suggested that the role that wealth plays in poverty discussions should include but also extend beyond emergency savings. It should be extended to include whether families have long-term assets to invest in their and their children's capital (e.g., human capital—to include education, training, and well-being—as well as their financial and social capital) or, more simply, their growth and development. This is a developmental approach to asset poverty instead of the typical financial needs approach. A developmental approach better aligns with the idea of giving people something to live for. The idea that poverty discussions should include assets for developmental purposes is not new. This is something Sherraden (1991) introduced in his seminal book *Assets and the Poor.* He also introduced the idea of what he would call, Child Development Accounts (CDAs), here called Children's Saving Accounts (CSAs). CSAs are wealth-building instruments, most commonly designed to help pay for higher education expenses but they can be de-

signed to include other asset purchases like buying a home, starting a business, or retirement. They have specifically designed features such as incentives and explicit structures to encourage asset building among low-income children and their families.

Wealth Makes Hope Tangible

Unwittingly, however, economic security conversations have drastically under-estimated the importance of hope for individuals and society. Hope empowers people to push beyond their immediate circumstances. Not just any kind of hope, but tangible hope like the settlers had when they were given land as part of the Homestead Act. Wealth makes hope feel tangible because it provides grounds for believing that the future you imagine is possible. It also shortens the distance between the present and the future by giving families a financial stake in the future. Another way to say this is it allows them to purchase a piece of the future today. Can you imagine the stories the homesteaders told each other as they sat around a fire on their new land? Similarly, when parents have assets set aside for their child to attend college, they can talk to their child about what college they will one day attend in a way that seems to matter differently now. When families have money set aside for college, they start to understand college as attainable. Further, it makes sense to begin to prepare to go now, even though it will be many years before the child is old enough. In this way, assets (i.e., ownership) give hope the quality of being tangible and not merely wishful.

Within the CSA field, a growing body of evidence confirms the importance of long-term assets for improving children's and their family's short-term and long-term outcomes (for a review, see Elliott, 2024c). For example, findings show that children who have a CSA are more likely to enroll in college than children who do not (Elliott, Sorensen, & O'Brien, 2024). Moreover, CSAs provide a financial structure that can be used not only to leverage investments by individuals and families but also by communities, employers, local, state, and federal governments, philanthropists, foundations, and others as a way of building additional assets (Elliott, 2023). More recently, CSA programs such as Saint Paul, Minnesota's *CollegeBound Boost* experiment have also begun to test how the CSA infrastructure can be used to connect income and asset strategies.

Poverty is a Financial Capability Problem

The only way to solve poverty is to rethink what it means to be poor and, thus, what it will take to solve poverty. Currently, we think about poverty from a financial needs' lens: Do families have enough income to be able to consume enough to survive the day? This definition of poverty results in policies that target getting families above the "poverty line" but ignore positioning people to pursue better futures (i.e., pursuit of happiness). Poverty is not only about today but also the kinds of futures families, and their children can achieve. In this sense, poverty is a financial capability problem, not a consumption problem. And thus, the target for which policy should aim is to make people financially capable, not unpoor. This is very much in line with the idea of America, and it is articulated in its Declaration of Independence when it expresses that all humans are born with the inalienable right to pursue happiness. But even more, the Declaration of Independence specifies that this American government was created to protect this right. From this, it could be said that it is the duty of this government to create a social welfare system that strives to make its citizens financially capable of pursuing their better futures. Helping its people to do so would ensure that it would also become the best version of itself as a country.

According to Margaret Sherraden (2013), financial capability consists of both one's ability to act (i.e., financial literacy, which consists of one's financial knowledge and skills) and the opportunity to act (i.e., financial inclusion). This conceptualization of financial capability builds on institutional theory (Beverly & Sherraden, 1999) and focuses on families' decision-making (for a more in-depth discussion, see Elliott & Zheng, 2023). It posits that access to institutions is the primary way that people build wealth. From this perspective, when it comes to inclusion, the target of policy and its success is determined by whether everyone (i.e., universal) has access to financial institutions such as a bank or investment account structure for building wealth. However, this conceptualization of financial capability, while informative, is limited because it does not account for the role that income and wealth play in whether a person is financially capable.

In short, to produce financially capable people, policy must provide access to financial institutions, economic resources in the form of income and assets, and financial literacy training. More specifically, the government must give people inclusion into a financial institution that augments their ability to build wealth, such as a Children's Savings Account, provide them with income such as Guaranteed Income or a Child Tax Credit so that they can function individually, provide them with wealth such as from a Baby Bonds proposal

so that the financial institution can function for them, and provide them with financial literacy to give them the ability to act. These different policy mechanisms are discussed more in the policy recommendation section of this report.

Financially capable people can achieve possible future functions (e.g., those related to being an asset producer or capitalist, college goer, business owner, construction worker, or doctor). Regarding the "end poverty" discussion, maybe the most important future possible self is becoming an asset producer. However, as stated here, to become a person capable of producing new assets requires institutions, economic resources, and financial literacy. From this perspective, it can be seen why policies focusing only on income as a solution for solving poverty have failed and will fail to end poverty. It should also be clear why trickle-down policies that make the wealthy more financially capable, and the economy grow fail to end poverty. In short, this is because increased opportunities because of a larger economy do not mean low-income families automatically become more financially capable of taking advantage of the available opportunities. The same can be said of policies that only provide access to institutions or those that only provide families with assets. Ending poverty requires policies that help low-income families to become more financially capable.

Conclusion

Ending poverty is not only about moving families out of poverty in the U.S. but also about making sure they can pursue a better future. A person can be poor in America even though they have enough food to make it through the day if their environment does not provide them with the opportunity to pursue a better future. This is captured in the idea of the American Dream, that everyone should have the chance to use their effort and ability to determine where they fall on the economic ladder. If this opportunity does not exist, they are poor in a most harmful way, in a way that threatens the idea of America and what they and it can become.

Assets are our financial link to the future. Given the high level of wealth inequality in America (Pew Research Center, 2020) and the lack of economic mobility (Manduca, 2021), it is not surprising that 80% of Americans think that the future will be worse for their kids than it is today. This is up from only 40% about 20 years ago (Pollard, 2023). America is built on the idea that people can make a better future; when this idea comes into question, the idea of America comes into question by its people. This is important because dreams are what make innovation possible. When we diminish people's ability to dream, we weaken their ability to innovate, grow, and develop.

Part I.
Asset Approaches: Children's Savings Accounts and Baby Bonds

Part I: Children's Savings Accounts (CSAs)

Context.

"CSAs are More Than a Savings Platform" by William Elliott

Key Takeaways:

- Major foci for the asset-building field in the 1990s were providing evidence that the poor can save and further developing an institutional theory of saving.
- In the early 2000s, CSA researchers began to focus less on saving and more on how CSAs produce asset effects (e.g., psychological, social, and economic). Given this, the research focus shifted away from saving and, more generally, to wealth building.
- An institutional change framework attempts to explain the part of outcomes that are determined by financial institutions and by a child's economic environment—not individual decision-making.
- Automatically enrolling all children into a CSA program is an institutional change intervention. Doing so provides every child with a financial structure capable of efficiently carrying assets and potential income to all children.
- From an institutional change framework, access is achieved through automatic enrollment. The focus is on all eligible children having an account, not simply having the opportunity to have one.
- Key government social welfare programs should be designed so that they define access as automatic. This is because receiving these benefits is so important that the government should guarantee every child who is eligible for the benefit has the benefit.
- Because CSAs provide a financial structure for third-party deposits and access is automatic, each child is given a structure for assets to flow into their account from multiple sources such as family members, employers, philanthropists, communities, and other entities.

Link to Full Brief

Chapter 1: Evidence and Theory.

"Inclusive Children's Accounts: Toward Lifelong Asset Building for All" by Michael Sherraden, Margaret Clancy, Jin Huang, Trina Shanks, and William Elliott

Key Takeaways:

- The idea of universal, progressive, lifelong asset building, beginning with all children at birth, was first presented in *Assets and the Poor* (Sherraden, 1991). Prior to 1991, no proposals had been made for asset building that included all poor people and people of color. *Assets and the Poor* provided theoretical and policy rationale for a fully inclusive asset-based policy with substantial public deposits, attention to poverty and racial injustices, and asset growth over time. Today, this policy concept has become commonplace.
- Collapsing many years into a few sentences, we carefully designed and tested an asset-building policy model built on a *transformed college savings (529) plan structure* to serve the whole population with full inclusion and progressivity. This became the SEED for Oklahoma Kids (SEED OK) policy experiment that began in 2007 (see Jin Huang et al.'s presentation at this conference). SEED OK has generated evidence of positive impacts on children and families and has confirmed a policy design that is effective and sustainable.
- Today, nearly six million children in the United States have assets in Child Development Accounts (CDAs) that use the policy model demonstrated in SEED OK, representing over 90% of the CDAs, Child Savings Accounts (CSAs), and Baby Bonds actually implemented in the U.S. Moreover, the most prominent federal proposal for early-life wealth-building policy, the "401Kids Act", also uses the platform demonstrated in SEED OK, but with larger deposits and expanding beyond educational uses (see Ray Boshara's presentation at this conference.)
- A note on policy names: Child Savings Accounts, Child Development Accounts, and Baby Bonds have similar origins, and there is remarkable agreement on policy principles. These different policy names are likely to converge over time.
- The efficacy and flexibility of an already established policy platform can become the major pathway toward "Assets for All" as a sustainable, lifelong asset-building policy, which would complement income-based policy. The overall vision would be a social policy that both supports and develops the entire population.

Link to Full Brief

"Child Development Accounts and the SEED for Oklahoma Kids Experiment: Evidence and Impacts" by Jin Huang, Michael Sherraden, Margaret Clancy, Sondra Beverly, and Mark Schreiner

Key Takeaways:

- As a large-scale longitudinal experiment of a statewide Child Development Account (CDA) policy, SEED for Oklahoma Kids (SEED OK) demonstrates a scalable and sustainable account structure for universal, progressive, and lifelong asset building.
- SEED OK achieved near-universal account and asset holding, including all racial minorities and disadvantaged families, through automatic account openings and a large, automatic initial deposit.
- Positive financial outcomes from SEED OK demonstrate the potential of CDAs to reduce racial wealth inequality.
- SEED OK findings indicate continuous effects on the social development outcomes of children and families, including educational expectations and engagement, parent-child interactions, mental health, and socio-emotional development.
- Informed by SEED OK findings, multiple states have adopted variations of this CDA model, and the majority of these statewide CDA policies are universal and automatic.
- Design principles proposed and implemented in SEED OK for CDAs have built a consensus among policymakers, researchers, and practitioners on how to design and implement Federal policies on early wealth building.
- The universal and centralized account structure in CDAs makes it an effective, scalable, and sustainable policy framework for delivering various wealth and income-transfer programs and for accommodating community-based engagement and financial-capability services.

.

Link to Full Brief

"Kindergarten to College (K2C) College Enrollment Findings: Fuel for an Evidence-Based Movement" by William Elliott, Nicholas Sorensen, and Megan O'Brien

Key Takeaways:

- **CSAs**—an evidence-based movement.
    - **Evolution 1**: The emerging evidence period uses nationally representative secondary data sets to test the relationship between parental assets, primarily net worth, and college enrollment.
    - **Evolution 2**: The promising evidence period is characterized by a shift from using family net worth as a proxy for participation in a CSA program to a proxy derived from questions that asked children if they had a conventional savings account and whether they had designated some of the savings in that account for future schooling.
    - **Evolution 3**: The third evolution supported evidence that researchers moved from using non-experimental explanatory designs to using quasi-experimental impact evaluation designs that better accounted for potential selection bias through advanced statistical methods.
    - **Evolution 4**: Evolution four, well-supported evidence, marks a period when quasi-experimental impact study designs using CSA participants start to test the effectiveness of CSAs.
- **Key Moment**: Thirteen years after its start, Kindergarten to College (K2C) now has college-aged participants, allowing the field to answer the question: What is the impact of CSAs on college enrollment using data from CSA participants?
    - **Finding**: Among K2C students, the gap in college enrollment between represented and under-represented students decreased by nearly 30% relative to the gap in the comparison group.

Link to Full Brief

Chapter 2: Policy and Practice

"The (Unknown) Children's Savings Accounts Federal Policy Landscape" by Ray Boshara

Key Takeaways:

- As of September 2024, the Federal policy landscape is highly uncertain, but that landscape—who controls the White House, Senate, and House—has profound implications for the success, structure, and scope of Federal CSA policy.
- What is less certain are the two legislative vehicles likely to be used to advance federal CSAs, regardless of who controls Washington: (1) the reauthorization of certain provisions of the Tax Cuts and Jobs Act (which could also be done in "Reconciliation" if either party has a "trifecta"—total control of Washington); and (2) the SECURE 3.0 retirement security bill which, like previous SECURE bills, has been crafted on a bipartisan basis. The legislative vehicle will also greatly shape how a CSA bill would be designed.
- Federal CSA policies have been, since their inception in the late 1990s, proposed on a bi-partisan basis. While that has been less true the last decade, that is likely to change going forward, given new and growing Republican interest in federally-funded CSAs at birth.
- Since any Federal CSAs bill—whether Senator Casey's 401Kids proposal or Senator Booker's "Baby Bonds" proposal—is not likely to advance as written, given fiscal and political constraints, it's critical that policymakers and the CSAs field be guided by widely adopted CSA policy design principles as they consider difficult tradeoffs.
- Prospects for a federal CSA bill are exciting and closer at hand than in recent memory. Advocates, experts, non-profits, financial institutions, state Treasurers, recordkeepers, and other stakeholders should work closely together to advance the best bill possible.

Link to Full Brief

"Pennsylvania's Keystone Scholars and Other Statewide CSAs" by Julie Peachy

Key Takeaways:

- Several early statewide CSA programs were created via legislation or administrative rule, demonstrating a trend towards legislative interest in CSA programs as policymakers started viewing CSAs as a tool with very strong potential to support economic opportunity.
- The positive impacts demonstrated by research, along with the articulation of key elements for program design, sparked the legislation and development of more state-sponsored CSA programs in the late 2010s.
- The swift passage of Pennsylvania's Keystone Scholars legislation in 2018, championed by a bipartisan group of state legislators, is a testament to the efforts of researchers and early programs.
- Keystone Scholars fits well with the PA 529 College and Career Savings Program, helping the program reach a broader group of families to save in their own 529 accounts while driving changes to make the program more accessible.
- In a relatively brief period, the development and implementation of statewide CSA policies utilizing 529 account infrastructure is making a difference. Just four statewide at-birth, automatic CSA programs connected to their state's 529 program have made it possible for nearly seven million children to have accounts with funds for postsecondary education.

Link to Full Brief

"Children's Savings Accounts – Maine's My Alfond Grant Program" by Colleen Quint

Key Takeaways:

- Universal access to and participation in Children's Savings Accounts and other early wealth-building strategies ensures inclusion of all children, not just those whose parents are motivated to and/or have the agency to take steps to enroll.
- Early investment in a child has a positive impact on parents' aspirations for their children's future. "Someone else believes in my child and sees that they have value."
- Families can, will, and do save—and allowing contributions from multiple sources creates an opportunity for community and philanthropic involvement, furthering not only financial assets but also future aspirations.
- An at-birth or similar early start program provides an opportunity for contributions over the long term, increasing the opportunity for growth in the market and creating an 18-year platform for communications. Parents begin saving when they are younger and when their children are younger.
- A "low-touch" model can be effective with strong communications and local partnerships. And when a universal platform is used, program partners can more easily work to promote and encourage engagement when all children in their programs are participating.

Link to Full Brief

.

"NYC Kids RISE, Unleashing Multiple Streams of Assets" by Debra-Ellen Glickstein and William Elliott

Key Takeaways:

- Despite being assigned to individual children, CSAs can be understood as community accounts opened by the community on behalf of a child.
- CSAs provide an institutional structure that allows for third-party contributions from family members, employers, philanthropists, communities, and other entities, as well as government contributions.
- Community Scholarships provide an innovative mechanism to drive additional capital into CSA accounts.
- The CSA platform can serve as an organizing tool within and across communities to enhance connectivity among residents and local institutions, build robust partnerships and collaborations between organizations with complementary missions, and direct resources toward people living in communities outside their neighborhoods.

Link to Full Brief

"Building Assets & Aspirations: Integrating College Promise Programs & Children's Savings Accounts" by Martha Kanter and Michelle Cooper

Key Takeaways:

- College Promise is leading efforts to combine its free-tuition initiatives with Children's Savings Accounts (CSAs), creating a powerful model that supports students financially from childhood through college. This integrated approach helps address immediate and future financial needs, making postsecondary education more attainable for low-income families.
- By pairing College Promise scholarships with CSA savings, students can access funds for essential non-tuition expenses like housing, transportation, and books, which are often unaddressed. This holistic financial support allows more students to afford college and persist through graduation.
- Integrating CSAs into College Promise programs fosters a college-going mindset from an early age. This early exposure to savings and college planning helps students and families see college as an achievable goal, increasing high school completion rates and college readiness.
- College Promise's work with communities, states, educational institutions, and financial partners allows CSA-Promise integration to be scaled from local to statewide levels. This collaboration is essential for expanding access to higher education across diverse communities and achieving meaningful, long-term impact.

Link to Full Brief

.

Part I.
Baby Bonds

Part I: Children's Savings Accounts (CSAs)

Context.

"What Do We Know About Baby Bonds? Condensed Literature Review" by Madeline Brown, Signe-Mary McKernan, Samantha Atherton, and Miranda Santillo

Key Takeaways:

- Versions of the Baby Bonds Program are in the early implementation stages in Connecticut and Washington, D.C. A pilot program is underway in California for children who lost a primary caregiver to COVID-19 or have long-term stays in the state's foster care system. Eleven additional states have introduced Baby Bond proposals: Iowa, New Jersey, New York, Wisconsin, Washington, Delaware, Nevada, Vermont, Massachusetts, North Carolina, and Rhode Island.
- Baby Bonds build on decades of evidence from IDAs and CDAs. Despite the evidence of success across IDAs and CDAs, there is little or no evidence to our knowledge that these programs reduce wealth inequities (though 401Kids accounts hold promise). Baby Bonds, first introduced in Hamilton and Darity's (2010) seminal paper, were proposed to eliminate the racial wealth gap.
- Because Baby Bonds are a nascent policy, no empirical studies on their effects have been published. However, simulations find that Baby Bonds would reduce Black-White racial wealth inequities:
  - Median **White-Black wealth ratio fell to 1.4** (from 15.9) at age 18-25 (wealth-based federal contributions) (Zewde, 2019).
  - Median **White-Black wealth gap fell to 3.4** at age 18-25 (income-based federal contributions) (Mitchell & Szapiro, 2020).
  - Mean **White-Black wealth gap fell to 2.7** at age 65 (wealth-based federal contributions) (Weller, Maxwell, & Solomon, 2021).
  - Median **White-Black wealth gap fell to 2.2** (from 10.8) and White-Latino to 1.3 (from 1.7) for young adults (wealth-based federal contributions) (Sullivan et al., 2016).
  - Median **White-Black financial wealth ratio fell to 2.1** (from 2.4), and the White-Hispanic financial wealth ratio fell to 1.9 (from 2.4) at age 18 (income-based federal contributions) (preliminary, Urban Institute forthcoming microsimulation).
- Baby Bonds do not need to replace individual or child development accounts. Rather, policymakers and researchers can focus on the key elements of wealth-building policies that have been studied and combine them to design holistic programs that tackle wealth inequities.

Link to Full Brief

Chapter 3: Evidence and Theory.

"Baby Bonds" by William Darity Jr.

Key Takeaways:

- The motivation for developing the original version of the "Baby Bonds" proposal was the perception that President Obama's administration was timid about implementing policies that were designed specifically for Black Americans.
- So, we designed a plan intended for all Americans—what can be described as a universal program rather—that might have a disproportionate benefit for Black Americans.
- Differences between Children's Savings Accounts (CSAs) and Baby Bonds
    - CSAs usually give all eligible children an identical sum of money.
    - Baby Bonds are universal, but they are not uniform in payouts.
    - The sums under Baby Bonds generally are significantly larger than CSAs.
    - With Baby Bonds, families and others cannot contribute.
    - Baby Bonds guarantee recipients a fixed real rate of interest.
- Differences between Baby Bonds as Originally Proposed and State and Local Proposals
    - Generally, uniform—paying children exactly the same amounts.
    - Not universal. Customarily, they are means-tested.
    - Amounts are considerably smaller in the state and local plans.
    - They usually do not prohibit contributions from relatives.
    - Nor do they guarantee a fixed interest rate on the accounts.
- If the difference in the wealth gap is measured at the median, the original version of the Baby Bonds plan will not come close to bridging the wealth gap; it should be measured at the mean.
- As currently designed, no existing Baby Bonds plan will eliminate the racial wealth gap. That will require a reparations plan for Black Americans.

Link to Full Brief

"Lessons from Behind the Curtain: The Massachusetts Baby Bonds Task Force" by Tom Shapiro

Key Takeaways:

- **Impact of Guaranteed Income (GI)**: A $1,000 per month GI would drastically reduce poverty rates, particularly among African American and Latinx households, cutting the overall poverty rate from 12% to 2%. It would also eliminate poverty for key groups, such as single-parent households and older Latinx adults.
- **Baby Bond Endowments**: These accounts, which begin with a $1,000 contribution at birth and continue with annual payments based on family wealth, would dramatically reduce racial wealth gaps. For example, Black families with children would see their wealth grow from an average of $2,910 to $71,479 by the time children reach adulthood, while Latinx families' wealth would increase from $6,652 to $84,724.
- **Racial Wealth Equity**: The combined GI and BB policies would reduce the racial wealth gap significantly. Black families would see their wealth ratio to White families rise from 8 cents to 71 cents per dollar owned by White households. For Latinx families, the ratio would increase from 17 cents to 84 cents.
- **Affordability**: The report estimated the annual cost at $3.33 trillion and outlined several funding mechanisms. These sources could raise over $4 trillion, making the program financially feasible.

Link to Full Brief

.

"What Would Be the Likely Impact of Large Progressive Proposals on the Black-White Wealth Gap" by Christian E. Weller

Key Takeaways:

- Several proposals exist to shrink the large Black-White wealth gap. They include debt-free college, Baby Bonds, eliminating housing market discrimination, creating new low-cost, low-risk retirement savings options for all workers and strict financial market regulation enforcement. A simulation model is created to see how effective these policies could be in reducing the Black-White wealth gap.
- **Three key results:**
  - First, all policies would shrink the Black-White wealth gap, but to varying degrees.
  - Second, "Baby Bonds" would have the single largest impact, shrinking the average Black-White wealth gap by about one-fourth.
  - Third, approximately half of the expected Black-White wealth gap would remain after one generation, even if all proposals were enacted.
- **Conclusion**: ONLY a large-scale immediate targeted wealth transfer to Black households BEYOND THESE LARGE EFFORTS could eliminate the Black-White wealth gap.

Link to Full Brief

Chapter 4: Policy and Practice

"Comparing Federal Early Life Wealth Building Policy Proposals" by Madeline Brown

Key Takeaways:

- **The programs utilize different types of accounts.** The American Opportunity Accounts would be new accounts held by the Treasury and invested in the same manner as the Thrift Savings Plan. The 401Kids Savings Accounts would only be new if babies are not automatically enrolled in a state 529 plan at birth, and the accounts opened for them would be structured as 529s.
- **The 401Kids Savings Act allows multiple entities to contribute to accounts; the American Opportunity Accounts Act does not.** 401Kids allows for contributions from non-profits, employers, foundations, and others. Families are capped at contributions of $2,500 a year, but states may make additional contributions to 401Kids beyond the $2,500 annual contribution limit. No mechanism is provided in the legislation for entities other than the Federal Government to contribute to the American Opportunity Fund.
- **There are differences in the scale of Federal contributions.** Children in the lowest income families under the AOAA will receive $37,000 in today's dollars from the Federal Government, while children in the lowest income families will receive $13,500 under the 401Kids Savings Act (assuming no family contributions).

Link to Full Brief

"Baby Bonds: Funding New Jersey's Future" by Harbani Ahuja, Henal Patel, and Laura Sullivan

Key Takeaways:

- New Jersey has one of the largest racial wealth gaps in the country, tracing back to its colonial era, where land ownership and wealth accumulation were deeply racialized, with slavery, sharecropping, and discriminatory policies contributing to entrenched inequalities.
- Today, Black and Latina/Latino communities in New Jersey experience some of the worst economic disparities nationwide, with limited access to intergenerational wealth and financial security compared to their White counterparts.
- Baby Bonds are proposed to provide financial security and opportunity to low-income children, particularly benefiting children of color, by giving them a foundation to build wealth and access economic opportunities as they reach adulthood.
- Despite initial momentum with Baby Bonds legislation in New Jersey, progress has stalled due to funding concerns and hesitancy from policymakers. However, ongoing advocacy seeks to address these issues and push for the program's implementation.
- To create an impactful Baby Bonds program in New Jersey, some recommended changes to the pending legislation include ensuring automatic enrollment, allowing withdrawals up to age 35, allowing retirement as an investment, creating a sustainable funding source, ensuring a robust initial investment, and preventing funds from affecting eligibility for other benefits.

Link to Full Brief

Part II.
Income Approaches: Unconditional Cash transfers (UTC), Child Tax Credit (CTC), and Child Allowances (CA)

Context.

"Context and Architecture of Unconditional Cash" by Amy Castro

Key Takeaways:

- Unconditional cash is designed to work alongside the safety net, not in place of it.
- Unconditional cash addresses income volatility and inequality but is not designed to address wealth inequality.
- Unlike traditional safety net benefits, unconditional cash is provided with no strings attached.
- Unconditional cash is causally associated with a range of positive health and well-being outcomes.

Link to Full Brief

Chapter 5: Evidence and Theory

"Enhancing Economic Stability: The Role of Guaranteed Income in Comprehensive Support Systems" by Sarah Berger-Gonzalez, Allison Thompson, Amy Castro, Stacia West, and Nina Cross

Key Takeaways:

- Guaranteed income (GI) provides recurring, unconditional cash transfers to enhance financial stability and help fill and bridge gaps where low-wage jobs and benefits fall short.
- GI offers:
  - Flexibility, empowering individuals and families to address dynamic and immediate needs.
  - Reduced income volatility caused by low wages or inconsistent work hours, providing opportunities for improved financial stability.
  - Less administrative burden for recipients as well as administrators.
- Programs vary in benefit size and duration and are typically designed to supplement basic needs while promoting stability.
- Across four randomized controlled trials (LA, CA; Paterson, NJ; Cambridge, MA; & Columbia, SC) conducted by the Center for Guaranteed Income Research (CGIR), the following number of studies demonstrated improved financial outcomes among GI recipients compared to the control group for at least one post-baseline time point:
  - Improved Financial Well-being: Three out of four
  - > $500 in Savings: All four studies
  - Ability to Afford $400 Emergency: Two out of four
  - Reduced Food Insecurity: Three out of four
- Guaranteed income is designed to exist alongside other critical supports and benefits as a bridge to financial stability and an accelerator to accessing other benefits and assets that promote economic mobility.
- For a guaranteed income policy to successfully exist alongside other public benefits, waivers, and income disregards must be in place to ensure households are not made worse off.
- A guaranteed income policy within the larger system of benefits can be a bridge for individuals and families, freeing them from absorbing the shortcomings of market failures and declining benefits and providing financial stability.
- A guaranteed income policy of a longer duration can potentially serve as an accelerator toward accessing benefits and programs aimed at wealth-building and economic mobility.

Link to Full Brief

“Hidden in Plain Sight: The Need for Clarity on The Tax Treatment of Direct Cash Transfers” by Sarah Berger-Gonzalez and Fred Goldberg

Key Takeaways:

- Widespread uncertainty regarding direct cash transfers; proper tax treatment under Federal law imposes a major impediment to their efficacy and scope.
- Among the adverse impacts that are all too common:
  - Inaccurate and conflicting statements of the relevant tax treatment.
  - Uncertainty in common situations where governmental programs are administered and/or jointly funded by non-profits and others in the private sector.
  - Friction imposes significant legal costs, administrative burdens, and perceived risks that have material adverse impacts on the scope, implementation, and scaling up of programs.
  - Irreversible impact on budgeting and eligibility for critical Federal safety net and other programs.
- Much of this confusion results from an everyday occurrence: the challenge of translating the tax law into understandable and actionable guidance that does not impose unreasonable and costly administrative requirements.
- 501(c)(3) Organization direct cash transfer payments to or on behalf of eligible recipients are treated as non-taxable for Federal income tax purposes to recipients under tax Code Section 102(a) if they are made in furtherance of its IRS-approved charitable purpose and are not compensation for property, goods or services.
- Governmental entity direct cash transfer payments to or on behalf of eligible recipients are treated as non-taxable for Federal income tax purposes under the General Welfare Exclusion (GWE) if:
  - payments are made for the purpose of meeting the needs of eligible recipients,
  - are paid with the governmental entity’s funds and
  - are not compensation for property, goods, or services.
- Jointly funded and/or administered direct cash transfer payments to or on behalf of eligible recipients are treated as non-taxable for Federal income tax purposes.
- Additional services alongside direct cash transfers have no impact on the Federal tax treatment of direct cash transfer payments.
- The nationwide platform of direct cash transfer programs will continue to move forward as there is a better understanding of current law and how it is complied with.

Link to Full Brief

.

Chapter 6: Policy and Practice

"Child Allowances and the U.S. Child Tax Credit" by Jacob Bastian

Key Takeaways:

- Many countries offer child allowances—monthly, unconditional cash transfers that support child development, reduce poverty, and aid family well-being, improving health, education, and gender equality.
- The 2021 U.S. Child Tax Credit expansion increased maximum benefits to $3,600 for young children and $3,000 for older ones, made credits fully refundable, and provided monthly payments, benefiting low-income families the most.
- The expanded CTC cut child poverty, reduced food insecurity, and offered financial relief to families, easing household expenses and mental stress, especially in low-income and minority families.
- Research shows small work disincentives from the CTC, with a permanent version projected to reduce child poverty by up to 28%, fostering long-term economic equity.

Link to Full Brief

"Basic Income Guaranteed: Los Angeles Economic Assistance Pilot" by Abigail Marquez

Key Takeaways:

- BIG: LEAP was launched in October 2021 and served as the first large-scale municipal pilot in the United States. The program offered 3,200 participants $1,000 monthly for 12 months, with no strings attached.
- The average age of participants was 38 years old, with an average income of under $15,000 per year—80% of participants were female, nearly half were of Hispanic origin, and nearly a third were African American.
- The program was designed as a Randomized Controlled Trial (RCT) in collaboration with the University of Pennsylvania Center for Guaranteed Income Research.
- Pilot Findings:
  - **Financial Well-Being:** Treatment group participants experienced a significantly increased ability to cover a $400 emergency after 6 months compared to the control group.
  - **Health:** The treatment group demonstrated a significant decrease in food insecurity and an increase in health-promoting behaviors.
  - **Intimate Partner Violence**: The treatment group reported reduced severity and frequency of IPV.
  - **Decision-Making & Planning**: Recipients established immediate safety in the first 6 months, proximate safety in months 6-9, and future safety by planning for the pilot's end.
  - **Parenting**: Treatment Group parents are significantly more likely than control group parents to maintain enrichment and extracurricular activities for kids.
  - **Community Impact**: Treatment Group members are significantly more likely to report reduced fear of community violence and more positive interactions with neighbors.
  - **Employment**: Recipients were significantly more likely to secure full-time jobs than to remain unemployed, not looking for work compared to the control group.
- By providing unconditional cash to low-income families, the City of Los Angeles has demonstrated the transformational potential for municipal-led guaranteed income programs to create lasting, positive outcomes on individuals' overall well-being.

Link to Full Brief

Part III.
Income and Assets, Coming Together to Solve Poverty and Form a Social Contract for the 21st Century

Context.

"Income and Asset Policies: Together They are More Effective" by William Elliott

Key Takeaways:

- Financial structures like high-yield savings accounts—and, even more dramatically, investment accounts—produce wealth on behalf of individuals above and beyond their own individual effort and ability.
  - **Implication**: If not everyone has access to these institutions, the story that America is a meritocracy is nothing more than a lie.
- The amount of assets children must put into a financial institution plays a key role in how much they can benefit from it.
  - **Implication**: Institutional access alone will not create equity.
- Small initial deposits limit the return people can receive from financial institutions.
  - **Implication**: When the wealth gap is large, like it is in America, leveling the playing field through early children's assets requires large initial or ongoing deposits.
- For financial institutions to be truly effective at reducing wealth inequality, it's necessary to not only increase the capacity of low-income children but also put some limits on the advantages accruing to high-income families.
  - **Implication**: There is a need to cap deposits by higher-income families, but not low-income families.

Link to Full Brief

Chapter 7: Evidence and Theory

"Does Guaranteed Income Build Assets for Black Women? Evidence from the In Her Hands Program" by Stephen Roll, Desha Elliott, Simone Smith, Aaron Quick, Laura Brugger, Shadonna Davis, and Leah Hamilton

Key Takeaways:

- *In Her Hands* launched in 2022 and used a lottery system to enroll 654 low-income women in the intervention randomly. Payment recipients received $20,400 over two years, with one group receiving $850/month and one group receiving $4,300 in month one and $700 in the remaining 23 months.
- **Key Results, Recipients Were:**
  - Sixty percent less likely to report that it was very difficult to pay their bills than the comparison group (19.2% vs. 48.4%), and 59% less likely to report that they had been forced to move by a bank or landlord when they did not want to (5.9% vs. 14.4%).
  - Less likely to take out payday loans and pawn shop loans over the prior six months and were also less likely to sell blood plasma and overdraft their bank accounts.
  - Roughly twice as likely to say they had a rainy-day fund as the comparison group (27.9% vs. 14.8%).
  - More than twice as likely to report that they would pay for the $400 emergency expense using a form of liquidity—either money they had on hand or with a credit card that they would pay off in full.
  - Holding more than twice as much in savings ($637) as the comparison group ($307), though this difference was not statistically significant.
  - Sixty percent were more likely to report they were actively saving for their children's education, and recipients held roughly $100 more in child savings than the control group ($566 vs. $457), though this difference was not statistically significant.

Link to Full Brief

"The Impact of Combining Income and Assets on Parents' Educational Expectations: CollegeBound Boost Saint Paul, Implications for Ending Poverty" by William Elliott, Nicholas Sorensen, and Megan O'Brien

Key Takeaways:

- The primary goal of income policies in the U.S. has been to move children out of poverty. This has come to mean providing them with enough cash transfers so that they are just above the poverty line but remain economically fragile. That is, they remain susceptible to falling back into poverty if they experience an unexpected income or expense shock (e.g., a car breaks down or health problems come up).
- Increased savings can allow low-income families to continue to consume at similar levels when they experience an income or spending shock. Therefore, it is suggested by the authors that combining income and asset policies provides the most promising strategy for ending poverty.
- The term "asset poverty" is extended beyond emergency savings to include having assets to invest in children's capital (e.g., human—to include education, training, and well-being—as well as their financial and social capital) or, more simply, their growth and development.
- **Key Moment:** *CollegeBound Boost Saint Paul* is an experimental test, administered through a Children's Savings Account program, examining the effectiveness of combining income and assets interventions to fight poverty better and improve children's educational outcomes.
  - **Finding**: Combining quarterly deposits and guaranteed income increases parent expectations for college enrollment by 8.2%

Link to Full Brief

.

Part IV. Policy Recommendations and Discussions

The goal of the *Financial Independence* Policy Conference held on September 16 and 17, 2024, in Washington, D.C., was to bring together experts from the asset and income fields to share theory, evidence, and best practices as part of an effort to work toward the development of a new social contract capable of ending poverty. The conference was divided into four sessions. Sessions one and two focused on Children's Savings Accounts and Baby Bonds as a set of asset-building policy proposals for solving the wealth inequality aspect of poverty. The third session focused on Unconditional Cash Transfers, the Child Tax Credit, and Child Allowances as promising income policy proposals for solving the income inequality aspect of poverty. The final session discussed why a core component of a new social contract must include a combination of these strategies if it is to end poverty.

Chapter 8: Policy Recommendations

In the introduction of this report, it is suggested that ending poverty requires creating a new social contract that aims to provide families and children with the conditions to become financially capable. The environmental conditions required for a person to become financially capable are:

- being included in a financial institution designed to build wealth,
- having enough income to meet the standard of the day,
- enough wealth to plan for and act in accordance with future possible functionings and
- the prerequisite financial literacy to be a producer of wealth (Elliott & Zheng, 2023).

Each conference session discussed different policy solutions that are used in this section to make recommendations for how these solutions fit into a financial capability framework for ending poverty. While financial literacy is included in the recommendations and is a key component, due to time constraints, it was not a topic covered at the conference and is not discussed in detail in this report. Future conversations will want to include the financial literacy field. Further, it might be easier to integrate this field if there is cohesion among the three other areas already established.

Below are four policy recommendations that align with a financial capability framework for ending poverty. These include key policy design principles and, when available, example policy proposals:

1. Pass legislation that would include everyone "in" a financial institution (the plumbing/pipes) designed to facilitate the flow of economic resources (income and assets) needed to allow America to function as a meritocracy—financial inclusion.

    a. **Key Policy Design Principles**[2]

    i. ***Universal***—everyone is eligible.

    ii. ***Automatic Enrollment***—everyone gets an account; access is not enough; everyone must have an account to have the opportunity to become financially capable.

    iii. ***Automatic Federal Payments/Deposits***—for a meritocracy to exist, the Federal government must ensure everyone has the economic resources needed for effort and the ability to determine economic winners and losers.

    iv. ***Life Long***—provide all people with a financial institution that is with them from birth through retirement, a financial well-being pipeline that allows for economic resources to flow to individuals at any point in their lives easily.

    v. ***Progressively Funded (Targeted)***—those with greater need get more, serves as a type of valve for increasing the flow of wealth when, where, and in the amount needed.

    vi. ***Centralized Savings Plan***—enable implementation and reduce costs.

    vii. ***Investment Growth***—augments the capacity of financial institutions for producing wealth on behalf of individuals (cannot give wealthy families access to financial institutions capable of building more wealth on their behalf and expect to eliminate extreme wealth inequality over the long term).

    viii. ***Simplified Investment Options***—make decisions easy.

---

[2] Cisneros et al. (2021) served as background for developing key design principles. Specifically, while the last design principle, *personal and third-party deposits*, is not included in Cisneros et al.'s policy brief, it is a feature of most all CSA program and policies currently in existence.

ix. ***Personal and Third-Party Deposits***—facilitate the flow of multiple streams of assets into an account not only from the Federal government but family members, employers, philanthropists, communities, and other entities.

x. ***Allow for Multiple Wealth Building Uses***—postsecondary education, buying a home, retirement, starting a business.

b. **Example Policy Proposal** —401Kids Savings Account Act/Children's Savings Accounts

2. Pass legislation that provides every American enough income to meet basic needs with enough left over to invest in their own development and the development of their children (i.e., positive cash flow or being able to spend less than their income; see McKay, 2024).

a. **Key Policy Design Principles for Guaranteed Income**[3]

i. Targeted—low-income.

ii. Unconditional—no work requirement.

iii. Time limited—provided in times of economic need, long enough that it may lead to new opportunities.

iv. Supplement to existing safety net—does not interfere with safety net benefits.

v. Amount—enough to cover an emergency or crisis (e.g., COVID, Recession, High Inflationary period, etc.).

vi. Regular monthly payments—recurring cash transfers.

b. **Example Policy Proposal** —Advanced Child Tax Credit of 2021

3. Pass legislation that provides everyone with enough wealth to fuel financial institutions to produce wealth on their behalf and enough to position them to pursue their possible future selves (i.e., enough wealth to pay for a four-year college education).

a. **Key Policy Design Principles**[4]

i. Universal—everyone is included.

ii. Automatic enrollment—everyone gets an account (access not enough).

iii. Progressive deposits—those with greater need get more (need defined by wealth).

iv. Government-only deposits—does not allow for family or third-party deposits.

v. Fixed real rate of interest—at least 1%

vi. Multiple uses of funds—buying a home, starting business, college, retirement.

b. **Example Policy Proposal** —The American Opportunity Accounts Act – Baby Bonds

4. Pass legislation that provides every child with the financial literacy training they need to become producers of wealth.

These are not presented as separate policies, addressing separate issues but as an overall strategy for ending poverty.

[3] Castro (2024) and Berger-Gonzalez et al. (2024) served as a background for developing key design principles.

[4] Darity, Jr. (2024) served as background for developing key design principles.

Chapter 9: Discussion

Financial Inclusion: Automatic Enrollment into a Children's Savings Account (CSA) Like Institutional Structure

Inclusion can be defined by policy as every child having access to a CSA account or the opportunity to have a CSA account. But it is better defined as every child automatically having an account. Policies that adopt an understanding that children are included when they have access require families to opt-in to participate. Whereas policies that define inclusion as every child having an account automatically enroll all children and give them the option to opt-out. It has been suggested in this report that to be financially capable, people must have an account for building wealth, such as a CSA because just the opportunity to have an account does not make them financially capable. Therefore, it is recommended that Federal policy that aims to end poverty should automatically provide every child with a wealth-building account, such as a CSA account—an opt-out approach for inclusion.

Why Children's Savings Accounts?

Given the central role of the CSA infrastructure as the plumbing for delivery of the other components of the overall policy recommended here for ending poverty, some additional time is needed in describing why a CSA-like infrastructure is needed. However, it is also relevant to acknowledge while, based on current evidence, the CSA infrastructure appears to be the best available financial structure to deliver such a policy, what is most important is that the financial structure contains the design principles listed above.

Strong Evidence Base

A primary reason for adopting CSAs is because of their strong evidence base (for a review of research, see Elliott, 2024c). The CSA field has evolved in response to data and evidence (see conference brief Elliott, Sorensen, & O'Brien, 2024). This evidence shows that CSAs, even small-dollar CSAs (i.e., accounts with initial deposits of $5 to $1,000), impact parental and children's outcomes. Given the smaller amounts in these accounts, these findings speak to the power of the wealth-building institution that CSAs are more so than it does to the power of the money in CSAs for producing impacts. Based on their theories of change, the two ideas are proposing something fundamentally different. This is a reason why it is suggested here that assuming findings from Baby Bonds proposals will be like what has been found in the CSA field might not be the case (e.g., Brown, 2024; Brown, McKernan, Atherton, & Santillo, 2024; Radcliffe & Neighly, 2024). Furthermore, as a theory of change, Baby Bonds proposals focus on money as the reason people build wealth. The theory downplays the role that financial institutions have in producing wealth. This is even reflected in the design principles outlined by Baby Bonds researchers discussed above (e.g., fixed real rate of interest—at least 1%). From a Baby Bonds perspective, what produces impact is wealth itself. In contrast, from an institutional theory perspective of CSAs, change is largely due to inclusion in institutions that can replace decision-making altogether (e.g., mandatory saving) or influence decision-making as it relates to wealth building (see conference brief, Elliott, 2024a). Given this, findings from small-dollar CSAs do not appear to make the most appropriate proxy for potential Baby Bonds' impacts.

However, it is recommended in this report that CSAs and Baby Bonds should be combined. That is, both the underlying theoretical perspectives are accurate but neither fully explains how wealth is built by their selves. Both the money and the institutions matter for building wealth, and recognizing this is important for policy design. As a result, neither policy on its own is sufficient for developing a policy for ending poverty. In fairness, it is also important to note neither claims to be designed for such a purpose. Baby Bonds were meant to act as a socially acceptable form of reparations (Hamilton & Darity, 2010) so focusing on the impact that having wealth has makes perfect sense. The goal is not on people building wealth; it is on giving people wealth and the power that having wealth plays in building more wealth. In this scenario, the purpose of institutions is only to hold wealth. Whereas CSAs are meant to act as a tool for helping people build wealth, focusing on the role that institutions play in building wealth also makes sense. This leads to very different decisions about both the amount of wealth needed and the kind of institution needed when it comes to policy design.

Capacity as Wealth Builder

Elliott (2024a) provides a simple way to think about the concept that wealth-building institutions such as CSAs can play a role in the capability of people to build wealth, with the example of the high-yield savings account. Let's say a person puts $1,000—a lot of money for a low-income person—in a high-yield savings account with a monthly Annual Percentage Yield (APY) of 5%. If they deposited nothing else that year,

they would earn about $51. That is, the institutional structure adds $51 above and beyond what they were able to put in. Similarly, the CSA infrastructure has been shown to build wealth. Even with relatively small initial deposits, CSAs have resulted in the accumulation of real assets for low-income and students of color. That's the advantage our financial markets deliver—over time—extended through CSAs to children who would otherwise be left out. An example of how this can work can be found in the SEED for Oklahoma Kids experiment, SEED OK for short. SEED OK provided all children in the treatment group with a $1,000 initial deposit at birth. At age 17, the average treatment child (i.e., randomly selected to receive a CSA) has about $3,939 in their account or 3.5 times more than those in the control group ($1,132) (Shanks, Huang, Elliott, Zheng, Clancy, and Sherraden, 2024). Of that $3,939, above and beyond what the program put in or the families deposited, about $1,049 were earnings produced by the CSA infrastructure. While this is not enough to pay for college, the SEED OK experiment demonstrates that the CSA infrastructure can be a fully inclusive financial institution that augments the wealth-building capability of children and their families. Furthermore, the authors find no difference by race among treatment group families regarding 529 account ownership and 529 asset balance. This suggests that the CSA infrastructure can be used to reduce racial wealth inequality on targeted outcomes (Shanks et al., 2024).

Investment Growth

The high-yield savings account and SEED OK examples also demonstrate the importance of investment growth for building wealth. In the example of the high yield savings account with a 5% annual yield, the CSA would produce around an additional $51 if $1,000 was placed into the account initially and no other money was deposited. At the end of 17 years, the account would have roughly $2,292. The SEED OK 529 investment account, on average, had $3,939 in it, about $1,647 more than the high-yield savings account. However, there might be other things that explain this difference. In 2015, in a Federal Reserve Bank of Boston publication, researchers conducted a simulation using historical data from 1997 through 2014 to examine how much wealth My Alfond Grant families would accumulate in their accounts if the money were invested in an index fund that tracks with the S&P 500 (analogous to investments in a 529 account), a U.S. 10-Year Treasury, or a savings account. The simulation assumed that families received the initial $500 scholarship and deposited $50 monthly (total of $600 per year) over 18 years. They found that the 529 type of investment would be about $31,483, the 10-Year Treasure about $24,677, and the traditional savings account $18,282. That is about a $13,000 wealth-producing difference between what a family would earn in the My Alfond Grant program and a traditional savings account (traditional savings accounts earn even less than a high-yield savings account). Given this, if a goal is to reduce the wealth gap, it stands to reason investment growth is an important design feature to include. Particularly when it is considered that wealthier families will have access to these types of accounts and the wealth-building benefits they bring. If the wealthy can build more wealth off their investment, even if a transfer reduces the wealth gap like in Baby Bonds proposals, it is more likely to re-emerge over time.

However, it might be said investment accounts are too risky for low-income families. According to research on SEED OK, during the Great Recession (2007-2008), the year the program started, the initial $1,000 deposit fell to about $800 (Clancy, Beverly, Schreiner, Huang, & Sherraden, 2022). But by 2010, it rose back up to its original value of $1,000. Similarly, during the bear market of 2017-2018, earnings from the initial $1,000 deposit dropped from $1,800 down to $1,600. However, once again, it bounced back by 2021 to $2,300. So, over the long haul, and investment in children starting at birth is a long-term investment; investment accounts can build more wealth. Further, producers of wealth must assume reasonable financial risks. While some people might have a greater tendency to take risks, Sherraden (1991) suggests that people who have wealth are better positioned to take financial risks. When people own assets, the corresponding characteristics of the assets increase their opportunity to use those assets to accumulate more assets (Sen, 1999). It is not only ownership of assets but institutions that can facilitate risk-taking or limit it. Designing a system that eliminates the opportunity for low-income families to be able to invest and receive greater growth opportunities is to create a system that limits the amount of wealth the institution can produce on its behalf, as shown in these examples.

Capacity to Facilitate Multiple Streams of Assets

CSAs that include targeted ongoing progressive deposits, as outlined in 401Kids, provide a financial infrastructure for reducing the level of wealth inequality in society that no other proposal currently does. The ability to deliver targeted ongoing deposits provides the Federal government with a type of valve that can be used to facilitate the flow of assets into households. The transformed 529 plan detailed in 401Kids can act as the plumbing for carrying wealth wherever children need it throughout the country.

By allowing multiple streams of assets to flow into accounts, in addition to the government and families' own participation in wealth building, third parties such as extended

family members, employers, philanthropists, communities, as well as other entities are also given access to valves that can also be used to increase the flow of assets making sure they get to where they are needed. CSA programs have begun to tap into the power of CSAs to bring together multiple streams of assets into a child's account. This was best illustrated at the conference from the New York City Kids RISE example (see brief, Glickstein & Elliott, 2024):

- New York City's Kids RISE program announced in December of 2022 that 1,200 first graders from Canarsie and East Flatbush will receive a $1,000 community scholarship to be placed into their Kids RISE accounts (NYC Kids RISE, 2022).[5]

The potential of different types of assets flowing into a CSA makes it a tool that can provide a way for not only government but also foundations, faith-based organizations, philanthropists, employers, and many others to help finance college and reduce wealth inequality.

Capacity to Facilitate Delivery of Income and Assets Components

The city of Saint Paul, Minnesota, is not only rigorously testing the power of CSAs to provide an infrastructure that allows multiple streams of assets to flow into a child's account, but they are also testing how this same infrastructure can be used to connect income strategies with asset strategies in an experimental study they call *CollegeBound Boost*. This program builds on their existing citywide CSA program, *CollegeBound*, by adding a guaranteed income component and ongoing targeted deposits (like 401Kids and Baby Bonds).

The experimental study provides families with individual interventions related to education, income, and the racial wealth gap using CSAs as the scaffolding to bind them together:

- No-treatment control condition.
- Quarterly CSA deposits only condition ($250 quarterly, total of $1,000 annually).
- Guaranteed income payments ($500 per month) + quarterly deposits condition.

This experiment augments the ability of families to save by providing them with additional cash to meet their basic needs, which in turn increases the amount of income they have left over to save. It also boosts the total assets they have for paying for college by directly transferring city funds into the CSA of children living in the city. Finally, St. Paul uses the CSA infrastructure as a financial mechanism to deliver Kids or Baby Bonds-type deposits to their constituents. As such, it serves as one of the first tests of whether a small dollar CSA could act as a delivery system for large ongoing targeted deposits.

CSAs' potential to connect different poverty, wealth building, and even education (to include financial education) strategies so that they can work together under one umbrella might be a game changer in the fight against poverty, wealth inequality, and eroding return on degree.

Potential for Asset Effects

Research on CSAs shows positive impacts on children's early social and emotional development, academic performance, the likelihood of enrolling in college, and the likelihood of persisting to graduation from college. These are valuable gains that are often difficult to produce—at scale—through other interventions. These gains largely eluded the significant investments in debt-centered financial aid, but CSAs:

- **Quasi-Experimental Findings**[6]
    - Increase children's math and reading scores (Elliott, 2009; Elliott, Sorensen, Zheng & O'Brien, 2023).
    - Increase children's educational expectations (Elliott, 2009; Elliott, Zheng, Saborl, & O'Brien, 2021).
    - Reduce wilt among children who have the academic ability and expect to attend college but fail to do so shortly after high school graduation (Elliott & Beverly, 2011).[7]
    - Increase college enrollment and graduation of low-to-moderate income children (when they have school-designated savings of $1 to $499 or $500 or more) (Elliott, Song, & Nam, 2013).
    - Increase college enrollment and college graduation of Black children (when they have school-designated savings of $500 or more) (Friedline, Elliott, & Nam, 2013).

---

[5] To learn more about NYC's Kids RISE and how it is leveraging CSAs capacity for facilitating multiple streams of assets to flow to its children go to https://aedi.ssw.umich.edu/sites/default/files/documents/Reports/csa-doorway/csa-doorway-case-study-5.pdf?v=1.0.

[6] Both quasi-experimental and experimental studies are designed to show a cause-and-effect relationship between an independent (i.e., CSAs) and dependent variable (i.e., some outcome). However, a quasi-experiment does not rely on random assignment.

[7] Wilt is the gap between expectations and attainment.

- The San Francisco Kindergarten to College (K2C) CSA program increased college enrollment for historically under-represented students, closing 30% of the gap with historically represented students (Elliott, Sorensen, & O'Brien, 2024)

- **Experimental Findings**
  - Increase parental educational expectations for their children (Kim, Sherraden, Huang, & Clancy, 2015).
  - Increase social-emotional development among young children, particularly low-income ones (Huang, Sherraden, Kim, & Clancy, 2014).
  - Reduce punitive parenting practices (Huang, Nam, Sherraden, & Clancy, 2019).
  - Reduce maternal depression (Huang, Sherraden, & Purnell, 2014).

Notably, some findings are consistently strongest among low-income children, revealing that CSAs are the rare and valuable intervention that works best with those who need it most. (For more information, see the following conference briefs: Elliott, 2024a; Elliott, Sorensen, & O'Brien, 2024; Huang, Sherraden, Clancy, Beverly, & Schreiner, 2024).

Changes Needed to Make the CSA Structure Work Better

To use the current CSA infrastructure, which is built on state 529 college savings plans (see Clancy, Orszag, & Sherraden (2004) for the advantages of using the current 529 savings plan structure), several changes would be needed. The 401 Kids proposal addresses several of these changes. One of the biggest changes needed is to allow for multiple wealth-building objectives. Currently, CSAs have been focused exclusively on building wealth for postsecondary education. The 401 Kids proposal outlines how to make changes to section 529 of the Internal Revenue Code of 1986 (i.e., state 529 code) so that it can be used for multiple wealth-building objectives (i.e., buying a home, starting a business, retirement, and postsecondary education). A group of CSA experts have also listed several changes the current 529 infrastructure should undergo (Cisneros et al., 2021). These changes might also be needed to use the 529 infrastructure as the plumbing for a nationwide financial infrastructure for ending poverty.

Economic Resources

The two economic resources focused on at this conference were income and wealth. A reason for concentrating on them is because the policy is well-equipped to provide people with income and wealth. Moreover, it is suggested here, that at it is roots, poverty is an issue about lack of income (i.e., subsistence) and lack of wealth (i.e., futures).

Income

The American social welfare system has favored in-kind transfers (e.g., food stamps & housing vouchers) over direct cash transfers due largely to concerns about what low-income families might spend cash on. In-kind transfers give the government a say over what a transfer can be used for, limiting the choices low-income families have. However, there has been increased interest in recent years toward providing families with direct cash transfers. Direct cash transfer programs empower families to make choices. Being able to make choices is part of what it means to have the right to pursue one's happiness.

At the *Financial Independence* conference, three specific direct cash programs were discussed:

- **The Child Tax Credit (CTC) or Child Allowance**. The CTC is a form of child allowance. Generally, child allowance policies provide some form of flat, periodic cash benefit for each child. The goal of these programs is to help families offset the costs of raising children. The CTC reduces income taxes families owe dollar-for-dollar. The CTC is not a new policy. It has been around since 1997 in one form or another. However, prior to 2021 and after, many of the families who benefited from the CTC had incomes above $100,000 (Wessel, 2024). In response to COVID-19, in 2021, the American Rescue Plan (ARP) expanded the CTC and made it fully refundable. As part of the expansion, children of parents with low or no earnings each year were allowed to fully benefit from the CTC (Center on Budget and Policy Priorities, 2022). Payments were made monthly. For children under the age of 6, monthly payments were made up to $300 (or $3,600 annually). For children between ages 6 and 17, payments were made up to $250 (or $3,000).

- **Guaranteed Income or Unconditional Cash Transfers**. Unconditional Cash Transfer policies would provide regular cash payments to families with no conditions or

work requirements. These policies are typically targeted at low-income families. They attempt to provide these families with enough income to meet their basic needs.

Direct cash transfer programs should aim to provide families with routine positive cash flow which allows families to pay for their basic needs and have enough left over to begin to invest in their and their children's development (McKay, 2024).

Direct cash transfers allow policy flexibility to meet the unique circumstances families and children may face. For example, Mayor Carter, in his conference presentation, spoke about how his daughter had milk and egg allergies and a life-threatening peanut allergy that did not allow her to eat many of the foods that they could acquire on the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC).[8] And yes, it is true, there is the possibility when people are given the opportunity to choose, that they might not make the optimal choice. But even this possibility seems to align with the idea of America being a meritocracy where outcomes can vary based on the decisions people make. What is most important from a societal perspective is that choices exist for everyone. That the conditions exist that promote America as a meritocracy where economic goods and political power are vested in people depending on the choices they make and the ability and effort they have to execute those choices.

In as much as guaranteed income policies are time-limited, combining them with asset-building policies that can smooth out income disturbances is paramount. Further, implementing them through a CSA-like structure would allow the flow of income and assets to be turned on and off easily. It would allow them to get to where they needed to go, in the amounts needed, and when needed. CSAs can be an institutional structure allowing Congress to send funds to families and their children at the turn of a valve (i.e., the stroke of a pen).

While the focus here is on Child Tax Credits and Guaranteed Income policies, it is worth noting, though not a focus of the conference, that some organizations are beginning to test providing youth with $50 per week. This seems to be a natural fit with CSAs and could be categorized as a form of child allowance or guaranteed income for children. The $50 Dollar Study, a randomized control trial (RCT) facilitated by the Rooted School Foundation (RSF), explores the impact of distributing recurring, unconditional cash transfers ($50 per week) to high school seniors over the course of 40 weeks (Rooted School Foundation, 2024). By delivering it under the CSA umbrella, each payment could serve as a cue to families and children that the account structure matters for things in their lives today as well as tomorrow. For example, when children receive their payment, they could receive a message/cue. This message could remind them that the payments give them the power (i.e., present resources) to choose which actions to take. The choice is power over the present. It also reminds them that the CSA institutional structure and the wealth they have in it give them power over the future. It does so by giving them a stake in the future. Another way to say this is that they own a piece of the future, and ownership is the power to control. The more of the future they own, the more secure it is to them and the more power they have over it. And because they own a piece of their future, investing in their future (i.e., acting in ways that benefit their future selves) feels like a more secure investment for them to make. This leads us to the discussion on wealth.

Wealth

As discussed in the introduction, ending poverty is not only about moving families out of poverty but positioning them so that they are less likely to fall back into poverty. A part of that is helping people to reach their full development or achieve possible future functioning. The opportunity people have for pursuing their full development (i.e., highest level) is important not only to what they can become individually, but for society becoming its most fully developed self as well. American social policy must be designed to ensure everyone can achieve their best futures if it is to maintain its spot as one of the most influential countries in the world and live up to its ideal of being a meritocracy. People are poor not only because they lack enough money to meet basic needs, including food, clothing, and shelter, but because they lack the opportunity to pursue their possible future selves. It seems fair to say while income is a necessity for one's subsistence and this is part of what it means to be poor, poverty is better defined as both an income problem (i.e., do I have enough to make it through the day) and an asset problem (i.e., do I have enough to pursue my future possible functionings).

[8] While the conference recordings are not available, Mayor Carter also tells this story on the Tangible Hope podcast. The episode can be heard here https://youtu.be/OUBDxDMbbn8.

Further, asset poverty represents who has power over the future (i.e., theirs and the country's) in many ways. Wealth empowers people to become fully developed, positioning them to be the winners in the future. Given the high instances of asset poverty, it should not be surprising that there is next to no economic mobility in America (Manduca, 2021). This is because those who have more wealth today are positioned to remain in the best position in the future. From this perspective, economic mobility is a question, at least partly, about the opportunity people have to pursue future possible functionings. In the remainder of this section, some of the different roles that wealth can play in the poverty discussion are explored, and how key asset-building policies can be adapted to create better economic conditions aligned with America being a meritocracy.

Emergency Savings

There is a clear role that wealth can play in helping families to keep from falling back into poverty. This has been discussed as part of the emergency savings conversation. Emergency savings provide families with a flow of income that can be used to smooth out income shocks. It is increasingly recognized that emergency savings, a liquid form of wealth easily converted into a flow of income, is potentially important for helping poor people overcome income shocks (Maury et al., 2023). Income shocks can lead families to fall into poverty (Maury et al., 2023).

SECURE Act 2.0, while not discussed at the conference, is Federal legislation recently passed in 2022 that includes key emergency savings provisions. Starting in 2024, SECURE 2.0 allows employers to enroll employees into an emergency savings account program automatically. The account is capped at $2,500, and participants can make a withdrawal once a month. This emergency savings account is created as a "sidecar" account that would be tied to a participant's retirement account (Mulholland, 2023). A second provision allows participants to withdraw up to $1,000 per year from their retirement account to pay for an emergency. However, they must pay the money back within three years to be able to make a similar withdrawal. It seems reasonable to believe that an emergency savings program could be linked to CSAs, which also can be used for retirement. Starting in 2024, participants in a 529 savings account (most CSA are administered using a 529 college savings platform) who have an account for more than 15 years can roll over their funds from their 529 account to an Individual Retirement Account (IRA). The amount cannot exceed the annual IRA contribution limit. And so, there is already a link between CSAs and retirement, and there is a link between retirement and emergency savings.

Another illustration of how CSAs can be connected to emergency savings policies can be found in Maine's NextGen 529 program, which administers the My Alfond Grant (for more information on the My Alfond Grant CSA program, see Quint, 2024). They are now offering a new product in the NextGen 529 suite called the "Connect Series" that offers a much simpler and more streamlined application process for opening a 529 account, and it also features an optional emergency savings "sidecar" (NextGen, 2024). Essentially, it is a savings account that can be set up at the same time and funded either directly or in a cascade in relation to the 529 savings (for more information, see Appendix A).

Income-Wealth Connection

There is also a link between guaranteed income and families and building emergency savings. For example, findings presented at the conference indicate that guaranteed income programs can increase the likelihood that low-income families have emergency savings. For example, Berger-Gonzalez et al. (2024) find in four different guaranteed income experiments that treatment group families are more likely than control group families to have more than $500 in savings for an emergency. Similarly, Roll and colleagues (2024) find that treatment group families are more than twice as likely to report that they would pay for a $400 emergency expense using a form of liquidity (i.e., savings or credit).

A less discussed aspect of poverty and the unique role that wealth plays is giving people power over their futures. Being poor is as much about the opportunity people must pursue for their possible future selves (or functionings) as it is about whether they have enough income to make it through the day. An example of how assets help low-income and disadvantaged children achieve their possible future selves from the conference is the case of the Kindergarten to College (K2C) program (Elliott, Sorensen, & O'Brien, 2024).

Need Wealth to Become a Producer of Wealth

As the poverty conversation shifts from one focused on fulfilling people's financial needs to focusing on making people financially capable, the role of wealth in producing wealth comes into sharper focus. Specifically, initial wealth helps determine the amount of wealth institutions can produce on behalf of a person. For example, Maine's My Alfond Grant program provides a similar example from a CSA program as Elliott (2024b) did regarding high-yield savings accounts. In 2017, savings data from the My Alfond Grant program showed that accounts for families from higher income families who could contribute more money produced higher

earnings:

- Family income less than $25,000 had an average asset value of $4,646 and earned $1,912.
- Family income $25,000-$49,999 had an average asset value of $3,716 and earned $1,803.
- Family income $50,000-$74,999 had an average asset value of $4896 and earned $2,262.
- Family income $75,000-$149,999 had an average asset value of $6,458 and earned $2,691.
- Family income $150,000 or more had an average asset value of $14,412, and earned $4,579.

Data obtained from Elliott (2018). For more information on the My Alfond Grant program, see Quint's (2024) conference brief.

These examples illustrate how institutions are an integral part of understanding a person's financial capability for building wealth (i.e., if I deposit $5,000, the institution produces $256 on my behalf) and why a financial capability approach to poverty emphasizes the importance of inclusion in financial institutions for ending poverty. They also illustrate that wealth is the fuel that determines the wealth-producing power of financial institutions. However, the importance of initial wealth for determining the wealth-producing power of institutions highlights the danger of high levels of wealth inequality in creating and maintaining an economic environment consistent with being a meritocracy. However, what must not be lost in this conversation about the importance of institutions is the potential danger they have for magnifying inequality if they provide families with access to institutions but ignore the role that wealth itself plays. Therefore, it is suggested here that CSA and Baby Bonds programs have their highest potential when combined (for a discussion combining CSAs and Baby Bonds, see Elliott, 2022).

Why CSAs and Baby Bonds Should be Combined

The recognition that having wealth augments how much wealth people can produce, that it also augments how much wealth institutions can produce on behalf of people, and the recognition that financial institutions like CSAs augment the amount of wealth produced by wealth itself and people themselves tell us that CSAs and Baby Bonds would work better if combined into a single policy. While there are several states (e.g., California and Connecticut) that have pursued these interventions as separate policies, by doing so they have weakened the potential impact that their overall investment can have on the lives of its citizens. The CSA financial institution needs the money put into the Baby Bonds infrastructure to reach its full potential, and the wealth provided by Baby Bonds is unlikely to reach its full potential without the help that the CSA provides for building wealth. Thus, putting the government's overall investment into separate account structures, the money in either account cannot produce as much as it could if combined. This is even less efficient because the larger sum of money provided by Baby Bonds policies is placed in a financial structure less equipped to produce wealth and less proven to produce asset effects for reasons discussed in the section of this report called Why Children's Savings Accounts? Further, the combining of CSAs and Baby Bonds is something that everyone should be able to imagine because they share the same origin story. They share many of the same characteristics or look alike in many recognizable ways (for a detailed discussion on the original story of CSAs and Baby Bonds, see Elliott, 2022).

How Can CSAs and Baby Bonds Be Combined?

The road map has already been laid out in the emergency savings section of this report on how CSAs and Baby Bonds can be combined. As discussed, starting in 2024, SECURE 2.0, through a "sidecar" account, allows employers to automatically open an emergency savings account for employees that is tied to the employee's retirement account. Similarly, how Maine's NextGen 529 program, which administers the My Alfond Grant, now features an optional emergency savings "sidecar."

Until the Federal Government passes national legislation, states that currently have a statewide CSA program can create a sidecar to their existing 529 programs that would allow CSA and Baby Bonds proposals to be combined. Maybe the state that is best positioned to do this first is California, which has a statewide CSA program, CalKIDS. It uses its' state 529 infrastructure to deliver the CSA program. Further, it has passed legislation, the HOPE Act, to create a Baby's Bond program for children bereaved by COVID-19 and for those who have been in the foster system for over 18 months. In doing so, they could serve as an example for other states and, ultimately, the Federal government. Another state that might be positioned to do so is Connecticut, which has a CSA program and a Baby Bonds program.

Furthermore, at the Federal level, 401KIDs proposes key changes to 529s that would facilitate combining CSA programs and Baby Bonds programs. For example, a key roadblock is that 529 is designed specifically for saving for post-secondary education. However, the 401KIDs proposal would

allow families to save for multiple uses (e.g., buying a home, retirement, education, starting a business). It seems that combining CSAs and Baby Bonds is less about how to do it, following current examples, and with a little imagination, this is doable. The real challenge, or at least the first challenge, is getting people to understand that doing so will lead to much better outcomes.

How Much Wealth?

A way to think about how much is to connect the size of the government investment in CSAs for an individual child at age 18 to what it would cost to provide a child with a free college education (Elliott & Zheng, 2023). The average cost of attendance at a public 4-year college in-state institution during the 2022-2023 school year was $11,260, which would be $45,040 for four years (College Board, 2022). This aligns with the American Opportunity Act or Baby Bond's proposal. It would provide every child with an initial deposit of $1,000 at birth and then an additional $2,000 every year after until they turn 18. As a result, a child whose family's annual income is 100% of the Federal poverty level would have about $46,215 in their account when they were 18. The Baby Bond's proposal is estimated to cost about $60 billion annually (Committee for a Responsible Federal Budget, 2019).

Principle of Progressivity

The recommendation that payments and deposits must be progressive comes out of research that shows to reduce income and wealth inequality, more must be given to low-income and low-wealth groups than to their wealthy counterparts (e.g., Weller, 2024). If everyone receives the same amount, while everyone will have more, inequality will not lessen or only lessen for a short period. If the goal of policy is to ensure the existence of a meritocracy, it must effectively and intentionally reduce the size of the wealth gap. It can be assumed that the financial institution will produce the same wealth for both low-wealth and high-wealth individuals if the same amount of money is transferred into their account. This may feel like a meritocratic principle/policy; everyone receives the same amount. However, because the wealthy family can add more to the account than the economically disadvantaged family, the account will still produce more wealth for the wealthy family over time. This was illustrated above through the high-yield savings account and the My Alfond Grant program examples. So, even if policy reduces wealth inequality at a point in time, the gap will only grow over time if the policy does not offset the wealth advantage high-wealth families start with by giving the low-wealth families more.

For example, policy simulations show that if a universal CSA program had been established in 1979 with a progressive initial deposit of $7,500 for low-wealth households (less than $5,000 net worth) with incremental declines to $1,250 for the highest-wealth households ($25,000 net worth or more), the Black/White wealth gap would be decreased by 23% (Sullivan et al., 2016). Hueslman, Draut, Meschede, Dietrich, Shapiro, and Sullivan (2015) find that eliminating student debt among those making $50,000 or below reduces the Black-White wealth gap by nearly 37% among low-wealth households, and a policy that eliminates debt among those making $25,000 or less reduces the Black-White wealth gap by over 50%.

In his conference brief, Weller (2024) simulates the potential impact that five different policy proposals for reducing Black-White wealth inequality would have: (1) forgive student loan debt and free college, (2) Baby Bonds, (3) prohibiting housing discrimination, (4) national savings plan, and (5) strengthening the consumer Financial Protection Bureau. He finds that all five policies would, in fact, reduce the racial wealth gap and that Baby Bonds would reduce it the most; however, a substantial gap would remain even if all five policies were enacted. He identifies why these policies fail to eliminate the racial wealth gap. First, they do not account for the initial wealth (i.e., intergenerational wealth transfers) of White families. This aligns with the discussion in this report, which states that it takes assets to build assets. Second, he alludes to the role that institutions can play both in building wealth and expanding inequality when progressive principles are not aggressively applied. He concludes that the policy that would work best is reparations, which focus specifically on the Black-White wealth gap; however, would ignore the issue of a White-White wealth gap.

However, the focus of this report is on poverty. Poverty is not solely defined by race; all races and ethnicities experience poverty in America. It has also been suggested that low wealth is a component of what it means to be poor. Given this, if most wealth is held by a few wealthy families (e.g., the top 50% own 97.5% of wealth; USAFacts, 2024), it stands to reason there are many White families who also are wealth poor and need help for America to be a true meritocracy. Therefore, it is recommended here that policies that aggressively and progressively target low-income, low-wealth families will do the most to eliminate poverty and create the conditions for something much closer to a meritocracy. However, by including wealth in measuring who are the poor, progressive policies may transfer even larger amounts to those who have less wealth (i.e., progressivity within progressive policies). So, in cases where Black families have less

wealth than White low-wealth families, they would receive even more funds than their low-wealth White counterparts. But where both are equally low wealth, each would receive the same amount.

This seems to be a good point to acknowledge that eliminating poverty is not the same as eliminating inequality. Eliminating poverty, as defined in this report, requires creating an environment where everyone has the opportunity to become financially capable (e.g., the ingredients and tools are provided). However, we can still imagine instances where someone possesses the financial capability to move up the economic ladder, if you will, but still is asked to do more to do so because of, for example, racial inequality in society. A not-perfect example can be found in research by Shapiro, Meschede, and Osoro (2013). They found that a $1 increase in income translates to a $5 increase in wealth for White families but only a 70-cent increase for Black families. But importantly for this discussion, they also found that when Black families start off with similar levels of assets, they have a return of $4.03. Thus, even when wealth is equal, there is a race component. In part, this is what Weller (2024) is getting at. But we can see where Black families who are now getting $4.03 return with wealth are less likely to be poor and even more capable of climbing up the economic ladder and pursuing future possible functionings. However, we can also see inequality still exists and additional policies directed specifically at addressing inequality will be needed.

Financial Literacy

Maximizing the economic returns on a degree requires a certain level of financial capability, and the level of financial capability a child has is determined by the level of financial knowledge, skills, access to institutions, and assets they have (Elliott & Zheng, 2023). However, the Financial Independence conference did not include a session specifically on financial literacy because of the time it would have taken and the desire to focus on key policies currently being discussed nationally. However, within the financial capability framework outlined in this report, financial literacy has a role in determining whether a person is financially capable. The degree to which having additional income or owning assets alone increases what children can achieve is tied to the level of knowledge and skill they have for utilizing economic resources to achieve possible future functionings. One such functioning is becoming a wealth producer, a necessary functioning within a capitalist society for moving up the economic ladder. It is also suggested here that it might not take the same type of financial knowledge and skill to navigate surviving the day with little or no money as the poor do than it does to produce wealth within mainstream financial institutions. However, this also does not mean that one type of knowledge and skill is associated with being more intelligent. But they are used to produce different economic outcomes in very different economic environments governed by different rules, and thus require different knowledge and skills.

It also does not mean because one person is good at using the knowledge and skills required to be successful in one environment, that person will also be successful if thrust into another environment with no training and economic as well as institutional support. That is, a CEO of a Fortune 500 company most likely would not succeed in an impoverished environment. They are unlikely to be familiar with navigating the intricate rules associated with receiving public benefits, the informal rules associated with living in a shelter, accessing informal work opportunities, etc. This is knowledge not taught in the classrooms at private schools or really any school. This is passed down from people living in poverty. The skills are acquired from making decisions in and acting within poor neighborhoods with little or no economic resources while using the institutions available to low-income people. Being poor and surviving simply requires a different set of knowledge and skills than the CEO has. What is being suggested here is that acknowledging a person living in poverty may need access to financial literacy training does not mean the person is not intelligent. Instead, it should be expected that training is required when people are being asked to navigate environments they have never had access to before. It should also be expected that if they are given access to training along with the economic resources and institutions required for such training to matter in the first place, they will have as much chance at succeeding as anyone. We should not fail to make such training universally available under the pretense that making it available labels the poor as being less intelligent. Instead, we should do the hard work of normalizing the notion that training is required in almost all circumstances where people are asked to do things they have not done before in a new environment.

Conclusion

The *Financial Independence* conference hopefully will serve as a type of marker that brings additional light to a conversation already taking place in America, a conversation about how income and wealth policies must be combined if we are to have a real chance at ending poverty. This is a conversation about what it really means to be poor. Poverty is not only about having enough to make it through the day, but it is about lost futures, which, in the end, keep all of us from becoming what we can become as a people. By no means is the conference or this report the end of the conversation. But hopefully, they have sparked new ideas and momentum for attendees and readers alike to strive to do what is within our grasp to end poverty in its fullest meaning in our generation.

Appendix A

Appendix A is provided by Colleen Quint, President and CEO of the Alfond Scholarship Foundation—Focus on Automatic Enrollment.

In the late fall of 2024, a new 529 product was introduced by NextGen 529, Maine's education savings program: the Connect Series. The impetus for the development of this product was to lower barriers to account openings for families with limited investment experience and who also may have concerns about being able to access funds for unanticipated emergencies.

The new Connect Series offers:

- A simplified/streamlined online account-opening process with fewer initial questions requiring completion;
- A suggested Year of Enrollment investment option, based on the beneficiary's current age and the age at which the beneficiary is expected to start using the funds. This means that someone opening an account is not being asked to make a set of investment choices about how they want to allocate contributions over multiple investments (though they have the option to do so);
- An emergency savings "sidecar" that allows an account holder to direct funds to both college savings and emergency savings in the same platform;
- Contributions can be made via ACH transfer, payroll deduction, or a digital link. In addition, FAME now offers a NextGen-branded Gift of College gift card (available at CVS stores throughout Maine) for contributions to a NextGen account.

A NextGen 529 Connect Account is for people who are ready to save for higher education and want a simplified approach with fewer investment options to choose from. After opening a Connect Account, an option is presented to open a separate savings account through Vestwell to help build emergency savings. This emergency savings account does not enjoy the same tax benefits as a 529 account but does allow the withdrawal of savings without incurring a penalty for a non-qualified withdrawal.

The Connect Series option joins the existing offerings of the Select Series (opened with the help of a financial advisor) and the Direct Series (opened online by the person opening the account).

You can find more information about NextGen 529 and the Connect Series here: https://www.nextgenforme.com/connect-series-account/

Bibliography

Abdelrahman, H., Oliveira, L., E., & Shapiro, A. (2024, May 3). *Pandemic Savings Are Gone: What's Next for U.S. Consumers?* Federal Reserve Bank of San Francisco. Research & Insights, Blog. https://www.frbsf.org/research-and-insights/blog/sf-fed-blog/2024/05/03/pandemic-savings-are-gone-whats-next-for-us-consumers/

Ahuja, H., Patel, H., & Sullivan, L. (2024). *Baby Bonds: Funding New Jersey's Future* [Policy Brief]. In Using Wealth and Income Policies to Forge a New Social Contract: Giving People Something to Live For. University of Michigan, School of Social Work, Center on Assets, Education, and Inclusion.

Angrisani, M., Barrera, S., Blanco, L. R., & Contreras, S. (2021). The Racial/Ethnic Gap in Financial Literacy in the Population and By Income. *Contemporary Economic Policy, 39*(3), 524-536.

Aull, C. (2016). *Does Half of the U.S. Live "In or Near Poverty"?* Fact Check. https://ballotpedia.org/Fact_check/Does_half_of_the_U.S._live_%22in_or_near_poverty%22#cite_note-8

Bastian, J. (2024). *Child Allowances and the U.S. Child Tax Credit* [Policy Brief]. In Using Wealth and Income Policies to Forge a New Social Contract: Giving People Something to Live For. University of Michigan, School of Social Work, Center on Assets, Education, and Inclusion.

Berger-Gonzalez, S., & Goldberg, F. (2024). *Hidden in Plain Sight: The Need for Clarity on The Tax Treatment of Direct Cash Transfers* [Policy Brief]. In Using Wealth and Income Policies to Forge a New Social Contract: Giving People Something to Live For. University of Michigan, School of Social Work, Center on Assets, Education, and Inclusion.

Berger-Gonzalez, S., Thompson, A., Castro, A., West, S., & Cross, N. (2024). *Enhancing Economic Stability: The Role of Guaranteed Income in Comprehensive Support Systems* [Policy Brief]. In Using Wealth and Income Policies to Forge a New Social Contract: Giving People Something to Live For. University of Michigan, School of Social Work, Center on Assets, Education, and Inclusion. https://doi.org/10.7302/24450

Beverly, S.G., & Sherraden, M. (1999). Institutional Determinants of Saving: Implications for Low-Income Households and Public Policy. *The Journal of Socio-Economics, 28*(4), 457-473. http://dx.doi.org/10.1016/S1053-5357(99)00046-3

Boshara, R. (2024). *The (Unknown) Children's Savings Accounts Federal Policy Landscape* [Policy Brief]. In Using Wealth and Income Policies to Forge a New Social Contract: Giving People Something to Live For. University of Michigan, School of Social Work, Center on Assets, Education, and Inclusion.

Brown, M. (2024). *Comparing Federal Early Life Wealth Building Policy Proposals* [Policy Brief]. In Using Wealth and Income Policies to Forge a New Social Contract: Giving People Something to Live For. University of Michigan, School of Social Work, Center on Assets, Education, and Inclusion. https://doi.org/10.7302/24448

Brown, M., McKernan, S-M., Atherton, S., & Santillo, M. (2024). *What Do We Know About Baby Bonds? A Condensed Literature Review* [Policy Brief]. In Using Wealth and Income Policies to Forge a New Social Contract: Giving People Something to Live For. University of Michigan, School of Social Work, Center on Assets, Education, and Inclusion. https://doi.org/10.7302/24446

Brown, M., McKernan, S-M. Garon, T., Cohen, O., Harvey, C., Steuerle, E., & Biu, O. (2024). *Nine Charts About Wealth Inequality in America.* Washington, DC: Urban Institute. https://apps.urban.org/features/wealth-inequality-charts/

Bufe, S., Roll, S., Kondratjeva, O., Skees, S., & Grinstein-Weiss, M. (2022). Financial Shocks and Financial Well-Being: What Builds Resiliency in Lower-Income Households? *Social Indicators Research 2022*(161), 379-407. https://pmc.ncbi.nlm.nih.gov/articles/PMC8528660/pdf/11205_2021_Article_2828.pdf

Burns, K., Fox, L., & Wilson, D. (2022). *Expansions to Child Tax Credit Contributed to 46% Decline in Child Poverty Since 2020.* United States Census Bureau. https://www.census.gov/library/stories/2022/09/record-drop-in-child-poverty.html

Castro, A. (2024). *Context and Architecture of Unconditional Cash* [Policy Brief]. In Using Wealth and Income Policies to Forge a New Social Contract: Giving People Something to Live For. University of Michigan, School of Social Work, Center on Assets, Education, and Inclusion. https://doi.org/10.7302/24649

Center on Budget and Policy Priorities. (2022). *Policy Basics: The Child Tax Credit.* Retrieved November 16, 2024, from https://www.cbpp.org/research/policy-basics-the-child-tax-credit

Child Trends Databank. (2012). *Parental Expectations for their Children's Academic Attainment.* http://www.childtrends.org/?indicators=parental-expectations-for-their-childrens-academic-attainment

Cisneros, J., Clancy, M. M., Elliott, W., III, Feinstein, A., Kanter, M., Karcher-Ramos, M., Kugler, C., Peachey, J., Quint, C., Shapiro, T. M., & Sherraden, M. (2021). *Redesigning College Savings (529) Plans to Achieve Inclusive Child Development Accounts: A Policy Brief Developed by CDA Experts and Researchers* (CSD Policy Brief No. 21-21). Washington University, Center for Social Development. https://doi.org/10.7936/bfcy-mv83

Clancy, M. M., Beverly, S. G., Schreiner, M., Huang, J., & Sherraden, M. (2022). *Financial Facts: SEED OK Child Development Accounts at Age 14* (CSD Fact Sheet No. 22-20). Washington University, Center for Social Development. https://doi.org/10.7936/13ge-kt42

Clancy, M., Orszag, P., & Sherraden, M. (2004). *College Savings Plans: A Platform for Inclusive Saving Policy?* (CSD Perspective 04-25). Washington University, Center for Social Development. https://openscholarship.wustl.edu/cgi/viewcontent.cgi?article=1149&context=csd_research

Committee for a Responsible Federal Budget. (2019). *Cory Booker's "Baby Bonds" Plan.* Committee for a Responsible Federal Budget. https://www.crfb.org/blogs/cory-bookers-baby-bonds-plan

Dahl, D., & Franke, M. (2017). *Banking Deserts Become a Concern as Branches Dry Up.* Federal Reserve Bank of St. Louis. https://www.stlouisfed.org/publications/regional-economist/second-quarter-2017/banking-deserts-become-a-concern-as-branches-dry-up

Darity, Jr., W. (2024). *Baby Bonds.* [Policy Brief]. In Using Wealth and Income Policies to Forge a New Social Contract: Giving People Something to Live For. University of Michigan, School of Social Work, Center on Assets, Education, and Inclusion.

Dzombak, D. (2017). *Capital Gains Tax Rate for 2013 and 2014: 58% Increase for Top Earners*. The Motley Fool. https://www.fool.com/taxes/2014/03/29/capital-gains-tax-rate-for-2013-and-2014-58-increa.aspx

Economic Policy Institute. (2024). *The Productivity-Pay Gap.* Washington, DC: Economic Policy Institute. https://www.epi.org/productivity-pay-gap/

Elliott, W. (2009). Children's College Aspirations and Expectations: The Potential Role of College Development Accounts (CDAs). *Children and Youth Services Review, 31*(2), 274-283. https://doi.org/10.1016/j.childyouth.2008.07.020

Elliott, W. (2013). Small-Dollar Children's Savings Accounts and Children's College Outcomes. *Children and Youth Services Review, 35*(3), 572-585. https://doi.org/10.1016/j.childyouth.2012.12.015

Elliott, W. (2018). Saving Through Spending: Lessons Learned From Children's Savings Account Programs and the Future of Asset Development. *Children and Youth Services Review 94*(2018), 410-420.

Elliott, W. (2022). *Children's Savings Accounts and Baby Bonds Share a Similar Origin Story.* University of Michigan. Center on Assets, Education, and Inclusion. https://aedi.ssw.umich.edu/sites/default/files/publications/shared-origin-story.pdf

Elliott, W. (2023). *Unleashing the Power of Children's Savings Accounts (CSAs): Doorway to Multiple Streams of Assets.* University of Michigan, Center on Assets, Education, and Inclusion. https://aedi.ssw.umich.edu/sites/default/files/documents/Reports/csa-doorway/csa-doorway-full-report.pdf?v=1.2

Elliott, W. (2024a). *CSAs are More than a Savings Platform.* [Policy Brief]. In Using Wealth and Income Policies to Forge a New Social Contract: Giving People Something to Live For. University of Michigan, School of Social Work, Center on Assets, Education, and Inclusion. https://doi.org/10.7302/24412

Elliott, W. (2024b). *Income and Asset Policies: Together They Are More Effective* [Policy Brief]. In Using Wealth and Income Policies to Forge a New Social Contract: Giving People Something to Live For. University of Michigan, School of Social Work, Center on Assets, Education, and Inclusion. https://doi.org/10.7302/24442

Elliott, W. (2024c). *Assessing the Evidence for Children's Savings Accounts (CSAs) as an Effective Strategy for Improving Children's Postsecondary Outcomes: The continuum of evidence of effectiveness.* University of Michigan. Center on Assets, Education, and Inclusion. https://aedi.ssw.umich.edu/sites/default/files/documents/Reports/evolution-of-csa-research.pdf?v=1.1

Elliott, W., & Beverly, S. G. (2011). The Role of Savings and Wealth in Reducing 'Wilt' Between Expectations and College Attendance. *Journal of Children and Poverty, 17*(2), 165-185. http://dx.doi.org/10.1080/10796126.2011.538375

Elliott, W., & Harrington, K. (2016). Identifying Short Term Outcome Metrics for Evaluating Whether Children's Savings Accounts Programs are on Track. *Federal Reserve Bank of Boston.* Community Development Issue Briefs. https://pdfs.semanticscholar.org/4ee0/5eb8568a8070121ce4fbe1bc1f88b1a729eb.pdf

Elliott, W., Lewis, M., Poore, A., & Clarke, B. (2015). *Moving Toward a Policy Agenda for Improving Children's Savings Account Delivery Systems.* Federal Reserve Bank of Boston. https://www.bostonfed.org/publications/community-development-issue-briefs/2015/moving-toward-a-policy-agenda-for-improving-childrens-savings-account-delivery-systems.aspx

Elliott, W., Rauscher, E., & Nam, I. (2018). Unequal Returns: Intragenerational Asset Accumulation Differs By Net Worth in Early Adulthood. *Children and Youth Services Review, 85*(2018), 253-263. https://doi.org/10.1016/j.childyouth.2018.01.006

Elliott, W., Song, H-a, & Nam, I. (2013). Small-Dollar Children's Saving Accounts and Children's College Outcomes By Income Level. *Children and Youth Services Review, 35*, 560-571. https://doi.org/10.1016/j.childyouth.2012.12.003

Elliott, W., Sorensen, N., & O'Brien, M. (2024). *Kindergarten to College (K2C) College Enrollment Findings: Fuel for an Evidence-Based Movement. [*Policy Brief]. In Using Wealth and Income Policies to Forge a New Social Contract: Giving People Something to Live For. University of Michigan, School of Social Work, Center on Assets, Education, and Inclusion. https://doi.org/10.7302/24441

Elliott, W., Sorensen, N., & O'Brien, M. (2024). *The Impact of Combining Income and Assets on Parents' Educational Expectations: CollegeBound Boost Saint Paul, Implications for Ending Poverty* [Policy Brief]. In Using Wealth and Income Policies to Forge a New Social Contract: Giving People Something to Live For. University of Michigan, School of Social Work, Center on Assets, Education, and Inclusion.

Elliott, W., Sorensen, N., Zheng, H., & O'Brien, M. (2023). Early Award Scholarship Program Results in Improved Attendance and State Math Test Scores for Students from Lower-Income Households. *Economies*, *11*(82), 1-13. https://doi.org/10.3390/economies11030082

Elliott, W., & Zheng, H. (2023). *What If Education Isn't the Great Equalizer? Reimagining Financial Aid From a Financial Capability Perspective, the Role of Children's Savings Accounts and Assets.* University of Michigan, School of Social Work, Center on Asset, Education, and Inclusion. https://aedi.ssw.umich.edu/sites/default/files/documents/Reports/unequal-returns/unequal-returns-full-report.pdf?v=1.0

Elliott, W., Zheng, H., Sabol, T., & O'Brien, M. (2021). A Step Toward Measuring Children's College-Bound Identity in Children's Savings Accounts Programs: The Case of Promise Scholars. *Children and Youth Service Review*, *121*(February), 1-12. https://doi.org/10.1016/j.childyouth.2020.105791

Entwisle, D. R., Alexander, K. L., & Olson, L. S. (2005). First Grade and Educational Attainment by Age 22: A New Story. *American Journal of Sociology 110*(5), 1458–1502.

Federal Reserve Board. (2023). *Economic Well-Being of U.S. Households in 2022.* Federal Reserve Board Research and Analysis. https://www.federalreserve.gov/publications/files/2022-report-economic-well-being-us-households-202305.pdf

Friedline, T., Elliott, W., & Nam, I. (2013). Small-Dollar Children's Savings Accounts and Children's College Outcomes By Race. *Children and Youth Services Review*, *35*(3), 548-559. https://doi.org/10.1016/j.childyouth.2012.12.007

Gillespie, L. (2024). *Bankrate's 2024 Annual Emergency Savings Report.* https://www.bankrate.com/banking/savings/emergency-savings-report/

Glickstein, D-E., & Elliott, W. (2024). *Children's Savings Accounts: Maine's My Alfond Grant Program* [Policy Brief]. In Using Wealth and Income Policies to Forge a New Social Contract: Giving People Something to Live For. University of Michigan, School of Social Work, Center on Assets, Education, and Inclusion. https://doi.org/10.7302/24481

Goldberg, F. T., Jr., Friedman, B., & Boshara, R. (2010). CDA Legislative Challenges and Opportunities. *Children and Youth Services Review, 32*(11), 1609–1616. https://doi.org/10.1016/j.childyouth.2010.04.005

Gosselin, P., & Zimmerman, S. (2008). *Trends in Income Volatility and Risk.* Working Paper. Washington D.C.: Urban Institute. https://www.urban.org/sites/default/files/publication/31731/411672-trends-in-income-volatility-and-risk-.pdf

Hamilton, D., & Darity, W. Jr. (2010). Can 'Baby Bonds' Eliminate the Racial Wealth Gap in Putative Post-Racial America? *The Review of Black Political Economy 37*(3-4), 207-216. https://doi.org/10.1007/s12114-010-9063-1

Huang, J., Nam, Y., Sherraden, M., & Clancy, M. (2019) Impacts of Child Development Accounts on Parenting Practices: Evidence from a randomized statewide experiment. *Asia Pacific Journal of Social Work and Development, 29*(1), 34-47. https://doi.org/10.1080/02185385.2019.1575270

Huang, J., Sherraden, M., Clancy, M. M., Beverly, S. G., & Schreiner, M. (2024). *Child Development Accounts and the SEED for Oklahoma Kids Experiment: Evidence and Impacts*. [Policy Brief]. In Using Wealth and Income Policies to Forge a New Social Contract: Giving People Something to Live For. University of Michigan, School of Social Work, Center on Assets, Education, and Inclusion. https://doi.org/10.7302/24411

Huang, J., Sherraden, M., Kim, Y., & Clancy, M. (2014). Effects of Child Development Accounts on Early Social-Emotional Development: An experimental test. *Journal of American Medical Association Pediatrics*, *168*(3), 265-271. https://jamanetwork.com/journals/jamapediatrics/fullarticle/1815478

Huang, J., Sherraden, M., & Purnell, J. (2014). Impacts of Child Development Accounts on Maternal Depressive Symptoms: Evidence from a randomized statewide policy experiment. *Social Science & Medicine*, *112*, 30–38. https://doi:10.1016/j.socscimed.2014.04.023

Hess, R. D., Holloway, S. D., Dickson, W. P., & Price, G. G. (1984). Maternal Variables as Predictors of Children's School Readiness and Later Achievement in Vocabulary and Mathematics in Sixth Grade. *Child Development 55*(5), 1902-1912.

Hokayem, C., & Heggeness, M. L. (2014). *Living in Near Poverty in the United States: 1966–2012.* U.S. Census Bureau, Current Population Reports, P60-248. https://www.census.gov/library/publications/2014/demo/p60-248.html

Huelsman, M., Draut, T., Meschede, T., Dietrich, L., Shapiro, T., & Sullivan, L. (2015). *Less Debt, More Equity: Lowering Student Debt While Closing the Black-White Wealth Gap*. http://www.demos.org/publication/less-debt-more-equity-lowering-student-debt-while-closing-black-white-wealth-gap

Kanter, M., & Cooper, M. (2024). *Building Assets & Aspirations: Integrating College Promise Programs & Children's Savings Accounts*. [Policy Brief]. In Using Wealth and Income Policies to Forge a New Social Contract: Giving People Something to Live For. University of Michigan, School of Social Work, Center on Assets, Education, and Inclusion.

Kim, Y., Sherraden, M., Huang, J., & Clancy, M. (2015). Child Development Accounts and Parental Educational Expectations For Young Children: Early Evidence From a Statewide Social Experiment. *Social Service Review*, *89*(1), 99-137.

Lusardi, A., & Mitchell, O. S. (2014). The Economic Importance of Financial Literacy: Theory and Evidence. *Journal of Economic Literature*, *52*(1), 5-44. https://doi.org/10.1257/jel.52.1.5

Manduca, R. (2021). *The American Dream is Less of a Reality Today in the United States, Compared to Other Peer Nations.* Washington Center for Equitable Growth. https://equitablegrowth.org/the-american-dream-is-less-of-a-reality-today-in-the-united-states-compared-to-other-peer-nations/

Marquez, A. (2024). *Basic Income Guaranteed: Los Angeles Economic Assistance Pilot.* [Policy Brief]. In Using Wealth and Income Policies to Forge a New Social Contract: Giving People Something to Live For. University of Michigan, School of Social Work, Center on Assets, Education, and Inclusion.

Maury, M. Collyer, S., Glasner, B., Jia, Y., Wimer, C., & Year, C. (2023). *Liquid Assets, Financial Shocks, and Entrances Into Material Hardship*. Poverty Tracker. https://robinhood.org/wp-content/uploads/2024/01/poverty-tracker_2023.08_spotlight-on-liquid-assets-financial-shocks-and-entrances-into-material-hardship.pdf

Meyer, B. D., Han, J., & Sullivan, J. X. (2024). *Poverty, Hardship, and Government Transfers. National Bureau of Economic Research*. Working Paper No. 33052. https://www.nber.org/system/files/working_papers/w33052/w33052.pdf

Mishel, L. (2012). *The Wedges Between Productivity and Median Compensation Growth.* Washington, DC: Economic Policy Institute. https://www.epi.org/publication/ib330-productivity-vs-compensation/

Morduch, J., & Siwicki, J. (2017). In and Out of Poverty: Episodic Poverty and Income Volatility in the U.S. Financial Diaries. *Social Service Review*, *9*(3), 390-421.

Mulholland, P. (2023). *A Closer Look at the Emergency Savings Provisions in SECURE 2.0: What are some the challenges in offering emergency savings benefits?* Plansponsor. https://www.plansponsor.com/a-closer-look-at-the-emergency-savings-provisions-in-secure-2-0/

National Archives. (2022). *Homestead Act (1862).* Washington, DC: The U.S. National Archives and Records Administration. https://www.archives.gov/milestone-documents/homestead-act#:~:text=The%20Homestead%20Act%2C%20enacted%20during,plot%20by%20cultivating%20the%20land.

NextGen. (2024). *What's a Connect Account?* https://www.nextgenforme.com/connect-series-account/

NYC Kids Rise. (2022). *1,200 First Graders in Canarsie and East Flatbush Receive $1,000 Each in College and Career Savings, As Part of Efforts to Narrow the Racial Wealth Gap.* https://nyckidsrise.org/news/canarsie-east-flatbush-community-scholarship-2/

Peachy, J. (2024). *Pennsylvania's Keystone Scholars and Other Statewide CSAs.* [Policy Brief]. In Using Wealth and Income Policies to Forge a New Social Contract: Giving People Something to Live For. University of Michigan, School of Social Work, Center on Assets, Education, and Inclusion.

Peter G. Peterson Foundation. (2024). *5 Facts About Rising Income Inequality in the United States.* https://www.pgpf.org/article/5-facts-about-rising-income-inequality-in-the-united-states/

Pew Charitable Trust. (2013). *Moving On Up: Why Do Some Americans Leave the Bottom of the Economic Ladder, But Not Others?* https://www.pewtrusts.org/~/media/Assets/2013/11/01/MovingOnUppdf.pdf

Prosperity Now. (2024). *A Landmark Moment for the Movement: The State of the Children's Savings Field 2023.* https://prosperitynow.org/sites/default/files/resources/CSA-SOTF-2023-A-Landmark%20Moment%20for%20the%20Movement_Final_web.pdf

Quint, C. J. (2024). *Children's Savings Accounts: Maine's My Alfond Grant Program [Policy Brief]. In Using Wealth and Income Policies to Forge a New Social Contract: Giving People Something to Live For.* University of Michigan, School of Social Work, Center on Assets, Education, and Inclusion. https://doi.org/10.7302/24444

Radcliffe, D., & Neighly, M. (2024). *The Power of Guaranteed Income and Baby Bonds* [Policy Brief]. In Using Wealth and Income Policies to Forge a New Social Contract: Giving People Something to Live For. University of Michigan, School of Social Work, Center on Assets, Education, and Inclusion. https://doi.org/10.7302/24449

Rank, M. R., & Hirschl, T. A. (2015). The Likelihood of Experiencing Relative Poverty Over the Life Course. *PLoS ONE*, *10*(7): e0133513. https://doi.org/10.1371/journal.pone.0133513

Roll, S., Elliott, D., Smith, S., Quick, A., Brugger, L., Davis, S., & Hamilton, L. (2024). *Does Guaranteed Income Build Assets for Black Women? Evidence from the In Her Hands Program* [Policy Brief]. In Using Wealth and Income Policies to Forge a New Social Contract: Giving People Something to Live For. University of Michigan, School of Social Work, Center on Assets, Education, and Inclusion. https://doi.org/10.7302/24452

Roosevelt, F. D., & Rosenman, S. I. (1938). *The Public Papers and Addresses of Franklin D. Roosevelt with a Special Introduction and Explanatory Notes by President Roosevelt.* Volume Five: The People Approve, 1936. Random House.

Rooted School Foundation. (2024). *The $50 Dollar Study: A Youth Cash Transfer Program*. https://www.rootedschool.org/the-50-dollar-study-a-youth-cash-transfer-program/

Rosenberg, J. (2013). *Measuring Income For Distributional Analysis.* Urban Institute and Brookings Institution. Tax Policy Center. https://www.urban.org/sites/default/files/publication/23846/412871-Measuring-Income-for-Distributional-Analysis.PDF

Sandefur, G. D., Meier, A. M., & Campbell, M. E. (2006). Family Resources, Social Capital, and College Attendance. *Social Science Research*, *35*(2), 525–553.

Semega, J., & Kollar, M. (2022). *Income in the United States: 2021.* U.S. Census Bureau, Current Population Reports (P60-276). https://www.census.gov/content/dam/Census/library/publications/2022/demo/p60-276.pdf

Sen, A. (1999). *Development As Freedom*. Oxford University Press.

Shanks, T. R., Huang, J., Elliott, W., III, Zheng, H., Clancy, M. M., & Sherraden, M. (2024). A Policy Platform to Deliver Black Reparations: Building on Evidence from Child Development Accounts. *Journal of the Social Sciences* *10*(3), 92-111. https://doi.org/10.7758/RSF.2024.10.3.05

Shapiro, T. (2024). *Lessons from Behind the Curtain: The Massachusetts Baby Bonds Task Force.* [Policy Brief]. In Using Wealth and Income Policies to Forge a New Social Contract: Giving People Something to Live For. University of Michigan, School of Social Work, Center on Assets, Education, and Inclusion.

Shapiro, T., Meschede, T., & Osoro, S. (2013). *The Roots of the Widening Racial Wealth Gap: Explaining the Black-White Economic Divide.* Waltham, MA: Brandeis University, Institute on Assets and Social Policy. https://heller.brandeis.edu/iere/pdfs/racial-wealth-equity/racial-wealth-gap/roots-widening-racial-wealth-gap.pdf

Sherraden, M. (1991). *Assets and the Poor: A New American Welfare Policy.* Armonk, NY: M.E. Sharpe.

Sherraden, M. S. (2013). Building Blocks of Financial Capability. In J. M. Birkenmaier, M. S. Sherraden, & J. C. Curley, J. (Eds.), *Financial Capability and Asset Building: Research, Education, Policy, and Practice* (pp. 1–43). Oxford University Press.

Shrider, E. A., & Creamer, J. (2023). *Poverty in the United States in 2022.* U.S. Census Bureau, Current Population Reports, P60-280. https://www.census.gov/content/dam/Census/library/publications/2023/demo/p60-280.pdf

Singh, K., Beckley, P., Trivette, P., Keith, T. Z., Keith, P., & Anderson, E. (1995). The Effects of Four Components of Parental Involvement on Eighth-Grade Student Achievement: Structural Analysis of NELS-88 Data. *School Psychology Review, 24*(2), 299–317.

Siripurapu, A. (2022). *The U.S. Inequality Debate.* Council on Foreign Relations. https://www.cfr.org/backgrounder/us-inequality-debate

Sullivan, L., Meschede, T., Shapiro, T., Asante-Muhammed, D., & Nieves, E. (2016). *Equitable Investments in the Next Generation: Designing Policies to Close the Racial Wealth Gap*. http://cfed.org/policy/federal/IASP_CFED_Equitable_Investments_in_the_Next_Generation-FINAL.pdf

USAFacts. (2024). *Who Owns American Wealth?* https://usafacts.org/articles/who-owns-american-wealth/

Weller, C. E. (2024). *What Would Be the Likely Impact of Large Progressive Proposals on the Black-White Wealth Gap?* [Policy Brief]. In Using Wealth and Income Policies to Forge a New Social Contract: Giving People Something to Live For. University of Michigan, School of Social Work, Center on Assets, Education, and Inclusion. https://doi.org/10.7302/24447

Wessel, D. (2024). *What Is the Child Tax Credit? And How Much Of It Is Refundable?* Brookings Institute. https://www.brookings.edu/articles/what-is-the-child-tax-credit-and-how-much-of-it-is-refundable/

Williams-Shanks, T. (2005). The Homestead Act: A Major Asset-Building Policy in American History. In M. Sherraden (Ed.), *Inclusion in the American Dream: Assets, Poverty, and Public Policy* (pp. 20-41). Oxford University Press.

Wolff, E. N. (2017). *A Century of Wealth in America.* Harvard University Press.

Co-Hosts:

- Center on Assets, Education, and Inclusion (AEDI)
- Center for Social Development (CSD)
- Center for Guaranteed Income Research (CGIR)
- Poverty Solutions

Funders:

- Annie E. Casey Foundation
- Charles Stewart Mott Foundation
- McKnight Foundation
- University of Michigan’s School of Social Work