Children's Savings Accounts and Baby Bonds Share a Similar Origin Story

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Introduction

This paper discusses the *common origin story* between what will be called for the purposes of this paper small-dollar Children's Savings Accounts (CSAs), large-dollar CSAs, and Baby Bonds. My contention in this paper is that the asset field has splintered into different camps what I loosely call the Baby Bonds camp and CSA camp (small-dollar and large-dollar). Clearly, this is an oversimplification. For instance, I think it is fair to say most would categorize me as being in the CSA camp. However, in *Making Education Work for the Poor*, Melinda Lewis and I make a case for why large-dollar CSAs that resemble Baby Bonds are needed (Elliott & Lewis, 2018). Similarly, as I will discuss in more detail later, Michael Sherraden (1991) in *Assets and the Poor* provided the original outline for what a Baby Bond or large-dollar CSA would look like. In the end, while categorizations cannot capture all of the nuance, they are meant to simplify what otherwise would be overly complicated concepts to discuss. Further, I recognize this conversation is fraught with perils. I am engaging in this conversation anyhow because I see it as important for passing substantial asset policy for the poor in our lifetimes.

More specifically, in this paper, I ask the question of the asset field and its proponents: ***"Is it time to unite behind a set of shared principles, take control over the public narrative regarding wealth inequality, and pass meaningful lasting asset building legislation for the poor?"*** To this I respond by saying we now have a solid evidentiary base for understanding how to reduce wealth inequality in America and a policy mechanism for administering such a policy. Therefore, I conclude yes, it is time for the asset field and for likeminded policy makers to unite behind a policy, one they have agreed upon together. Armed in a cloak of unity, we could enter the policy battle with steely resolve so as to be sure not to compromise on what we know to be necessary and pass meaningful asset building legislation for the poor. Policy that rests on a set of key principles that we share in common, and we know are necessary to once and for all eradicate or at least drastically reduce wealth inequality in America.

Note on Terminology

Before I proceed, a note on terminology is in order. While the terms Child Development Accounts (CDAs) and Children's Savings Accounts (CSAs) are often used interchangeably, I use CSA instead of CDA in this paper because CSA is commonly used in the media and by politicians.[1] Even though it is true, that more kids now have CDAs than CSAs because large state programs use the term CDA, it does not necessarily follow that CDA should be used in this paper. For instance, participants do not talk about having a CDA or a CSA, they often know the accounts by the program's naming convention. Similarly, when the field asks participants in questionaries about whether they have an account or not, they typically ask, for example, "*Do you have a Keystone Scholar account?"* not "*Do you have a CDA or CSA?"*

It is also the case, when the field tallies up the number of programs, they don't exclude those who use CSA, they include both in the tally. It is understood that both refer to the same type of program. From this, we might surmise that Baby Bonds proponents and others outside of the asset field do not draw a distinction between a CSA and a CDA either; that is, they think of the same program whether they know these accounts by the name CSA or CDA. And so, if they hold specific feelings with respect to one, using the other name will do little to change those feelings. Despite this, I think a strong case can be made for using either. Even so, because Senator Casey's proposal uses CSA, and his proposal is an important component of this paper, for consistency I will use CSA here.[2]

The Distinction between CSAs and Baby Bonds is becoming Blurred

While it is early yet, the same thing appears to be happening regarding use of the terms CSAs and Baby Bonds; they are starting to be used interchangeably in the media and in common parlance. For example, what was a well-known CSA program in New York City, NYC Kids Rise, was rebranded, and called a Baby Bonds program when the initial pilot was expanded (see Parry, 2021). Ultimately, if the field is able to come together, a new name is probably needed to help facilitate unification.[3]

[1] Some programs call these programs **College** Savings Accounts as well, but the same arguments apply so I will not discuss them specifically here.
[2] I will note, even if ultimately the CSA and Baby Bonds camps cannot coalesce, the naming issue is one the CSA field itself could coalesce around. I would suggest a new name that everyone had a stake in and that fit what the field is evolving into.
[3] Melinda Lewis and I made the case for Economic Mobility Accounts in *Making Education Work for the Poor* (Elliott & Lewis, 2018). In the end, it is

One that reflects the shared principles of the field as a whole, a name that would allow everyone to have a stake in it. I will briefly return to this topic of naming later in this paper but given its importance in the field and to those who reviewed this paper I felt a response was appropriate at the outset.

TWO CAMPS

Despite the early signs that some blurring is happening concerning the distinction between CSAs and Baby Bonds, and despite their shared origin story to be discussed, proponents of each camp have largely operated on parallel paths. The Baby Bonds camp has focused on researching and documenting the history and extent of the racialized wealth gap (including, Indigenous, Black, Latinx, and other racially stigmatized people, families, and communities) in America (e.g., Oliver & Shapiro, 1995). Regarding policy, they have focused on identifying an intervention that would serve as a type of reparation for America's long history of slavery and racism (e.g., Hamilton & Darity, 2010). While, instead, the CSA camp has focused on how to implement large scale asset building policy at the same time providing an evidentiary foundation for the potential of owning assets to produce social, psychological, and economic effects.

The difference in focus and emphasis has been important for the development of the field as a whole. Indeed, the field might never have arrived at the spot where federal legislators are proposing substantial asset policy without both camps working diligently on their respective areas of focus. However, to get beyond proposing bills, to passing meaningful legislation, it might require recognizing that not much separates us and that at this time, a united coalition could be part of the formula needed for enacting legislation.[4]

WHY UNITY?

One of the reviewers who was kind enough to provide comments on this paper prior to publishing asked whether unity was necessary. Providing an explanation for why unity is important probably could be a whole separate paper. However, I will attempt to answer it briefly here.

First, as the reviewer pointed out, while there is large agreement around proposals such as the *Family Act* or the *Protecting the Right to Organize Act* (PRO), they have not yet been enacted. Is the inability to enact these popular proposals evidence that unity wouldn't be better? It might be, that where proponents are steadfast and strongly united behind key principles it actually makes it harder to pass legislation. This is because it is harder for these proposals to be emptied of what makes them likely to be successful. That is, in a united coalition there are clear principles that have been agreed upon and so negotiating on these principles simply to pass something is no longer seen as acceptable. **Too often in the current political environment what masquerades as compromise is really a political weapon brandished about to empty a proposal of what its supporters, and research indicates is most important for its success. In the combat arena of politics today, compromise becomes a weapon for weakening a proposal its opposers never wanted to pass in the first place.**

What I am suggesting is that sometimes not passing a bill that will ultimately fail to produce desired or expected outcomes because it was gutted in the name of compromise can be the better outcome. Some will say you are being idealistic, not practical. The narrative becomes, "*It is a good first step*." **But maybe we are past first steps when it comes to solving racialized wealth inequality in America? And maybe we can no longer comfort ourselves by saying we will get the rest passed later.** The whole purpose of opposers in gutting a bill through pleas of compromise in the first place is to reduce its chances of succeeding if it is passed and thereby greatly reducing the chances any future policies will be passed to strengthen it. This happens in part because what is success is never redefined to reflect what was actually passed. Maybe this idea is best captured in President Ronald Regan's famous quote about the War on Poverty, "*the federal government declared war on poverty, and poverty won*". In the 50 years since the War on Poverty legislation was enacted, it is continuing to be used to paint a narrative that the government cannot solve poverty, and instead those opposed have used the War on Poverty legislation to blame the poor (see Rector, 2014).

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probably best that a name be collectively decided so all feel like they have a stake in the name.

[4] It feels important to point out, that I fully recognize and am very appreciative of the efforts it has taken to put forward the many federal proposals over the last 20 years. Legislative staff and others spend numerous hours crafting such legislation, it is a necessary step before any legislation can be passed into law. It is just at this point, with significant proposals before us, we need to find out what we can do to take the next step.

Importantly, the expectations did not change despite the fact that experts at the time said $30 billion a year was needed to wage war on poverty, but Congress only allotted about $2 billion a year (see Risen, 2007).

The reviewer went on to point out there was very little unity when passing the Affordable Care Act (ACA). Thus, unity might not be important for enacting legislation. However, it just might be that the lack of unity going into negotiations left too much open for compromise. This is not to say that the passage of ACA has not helped millions of people, it clearly has and so did War on Poverty legislation. But, might more have been possible at the moment if there was a united coalition around what were believed to be key principles (e.g., the public option/single payer system)? And despite the fact that ACA has helped millions, there is an argument that can be made that more might have been needed to truly address the health care problems low-income families face in America (see Hawkins, 2013). Another way of thinking about this is passing something that helps some people, does not mean it is ***best***. And now, it is difficult imagining anytime in the near future doing anything more than making some tweaks around the margin. This is because during the last 12 years since ACA was passed, America has entered into a period of normal science vis-à-vis health care in America (the concept of normal science is something discussed more later). During this period its opposers continue to assault it even though when it was passed it was understood it was a first step and more legislation was needed to truly make it work.[5]

Unity is important not only for maintaining what is vital to a proposal through the democratic process but for creating a strong and cohesive public narrative of how such a large asset building proposal fits into cultural beliefs held about individualism, the markets, and the American dream. This becomes harder to do when proponents from the same camp have different proposals.[6] Maybe to gain the political victory, and out of self-interest, they continue to put forth different proposals when it is time for coalescing around one idea. In doing so, they end up appearing to the public to be divided and maybe even dividing the public itself more along political lines even though the policies being proposed actually share many of the same principles (as such there is a way for all parties to share victory). This doesn't mean there is not a time and place for policy exploration; that is, for putting forth multiple proposals as part of a learning process. **But, when it is time to move beyond exploration to attempting to actually pass substantive legislation, from my perspective, it is *best* to unite behind a set of principles and let them be the guiding light through the legislative process and define when compromise is appropriate or merely a ruse.**

In the remainder of this paper, I will discuss CSAs and Baby Bonds common origins and shared principles with the hope of facilitating unity. Along with this, I will highlight a policy platform that we can unite behind and that would allow us to successfully administer legislation once passed.[7]

CSAs and Baby Bonds have a Similar Origin Story

In some ways you could say the surface level splintering belies the common origin and analogous vision of each group (CSAs/Baby Bonds). Whether we are talking about Pennsylvania's Keystone Scholars[8] small-dollar CSA (model used here for state-run small-dollar CSAs), Senator Casey's large-dollar CSA,[9] or Senator Booker's Baby Bonds,[10] the principles and concepts underlying them are not new. Michael Sherraden introduced the field to these principles in *Assets and the Poor* (see **Table 1** & **Table 2** at end of this paper). The point in saying this is to bring to light the fact that even these distinctions I am making between small-dollar CSAs, large-dollar CSAs, and Baby Bonds are largely semantic.

The use of the term Baby Bonds as used in Senator Booker's proposal was first coined by Hamilton and Darity Jr (2010). The stimulus for Baby Bonds was the

[5] For timeline of ACA repeal efforts see https://ballotpedia.org/Timeline_of_ACA_repeal_and_replace_efforts. Also, see efforts by democrats to strengthen it https://www.vox.com/policy-and-politics/2019/3/26/18282103/aca-obamacare-news-house-democrats-legislation-doj.
[6] See Elliott and Lewis (2018) on pages 124-128 for a list of proposals.
[7] I use the word "highlight" very intentionally so as not to suggest this idea comes out of my own work. I only seek to shine light on what others have built.
[8] For information on Keystone Scholars go to https://www.pa529.com/keystone/.
[9] For information on Senator Casey's proposal go to https://www.casey.senate.gov/fivefreedoms/freedom-to-be-economically-secure.
[10] For information on Senator Booker's proposal go to https://www.booker.senate.gov/news/press/growing-momentum-for-baby-bonds-as-booker-pressley-re-introduce-landmark-legislation-to-combat-the-growing-racial-wealth-gap.

United Kingdom's Child Trust Fund[11] and the American Savings for Personal Investment Retirement and Education (ASPIRE) proposal.[12] Both the Child Trust Fund and ASPIRE were developed from the principles and concepts articulated by Sherraden in *Assets and the Poor* and came about with his counseling. **Because Baby Bonds were inspired by the Child Trust Fund and the ASPIRE proposal, it seems fair to say and remind people that the origin story of Baby Bonds can be traced back to *Assets and the Poor* much in the same way that CSAs can be. That is Baby Bonds share a similar origin story with CSAs.**

Table 1 compares key principles for developing a national CSA policy first identified by Sherraden in *Assets and the Poor* (column 1) with current principles representative of the state of the CSA field today.[13] The current principles shown in column 2 of **Table 1** were identified by a group of CSA experts and researchers (Cisneros et al., 2021).[14] In *Assets and the Poor,* Sherraden imagined the possibility of both a multipurpose policy and an education specific policy among others (e.g., homeownership or retirement). I have chosen to include principles related to his vision of a multipurpose proposal because it best aligns with current policy proposals under discussion (i.e., Senator Bob Casey's Five Freedoms and Senator Corey Booker's Baby Bonds). It also reaffirms that Sherraden originally imagined a much more robust asset building policy for the poor. Current large-dollar multipurpose CSA policy proposals are an extension of his earlier vision, even if this vision was abandoned along the way by CSA proponents. In contrast to the multipurpose model, current small-dollar CSA programs have adopted an education specific approach also outlined in *Assets and the Poor*. Therefore, the principles shared for small-dollar CSAs are education specific in the tables.

You can see from **Table 1** that most of the principles Sherraden identified as key principles in *Assets and the Poor*, remain key principles today. For example, universal and greater subsidies for the poor remain key principles today. There are also very important key principles articulated in the current field of CSAs that were not listed as key principles in *Assets and the Poor,* such as investment growth, centralized savings plan, and automatic initial deposit. Despite these principles not being listed specifically as key principles in *Assets and the Poor*, they were concepts Sherraden discussed in *Assets and the Poor* (read chapters 10, 11, and 13). Thus, they also have their origin in *Assets and the Poor*. It is through the course of implementing CSAs that the importance of these principles has been given more emphasis. **Table 2** highlights the fact that, in particular, Senator Casey's proposal for large-dollar CSAs and Senator Booker's Baby Bonds proposal adhere to most of the same principles that small-dollar CSAs do. There are differences for sure (see **Table 3** for some key differences). **However, in most cases, these differences appear to be based more on political practicality and have little to do with substantive disagreements. This suggests there are likely ways to come together around these differences.** That is, these are areas where compromise seems both possible and appropriate even though it undoubtedly will be difficult.

CSAs HAVE A LARGE-DOLLAR PAST

In describing the possibilities of what a CSA could be in *Assets and the Poor*, Sherraden provided a wide range of options.[15] While current models of CSAs are restricted to education, Sherraden also laid the groundwork for multipurpose CSAs (see p. 260). That is, CSAs that were for other asset building goals such as homeownership, starting a business, or retirement. He even left room for the possibility that there might be other asset-specific uses identified someday in the future (see p. 298).

While the most popular and widespread form of CSAs today are small-dollar accounts ($5 to $1,000 initial deposit with no additional deposits), the CSA concept is not restricted to small-dollar and can also accommodate larger-dollar principles. In *Assets and the Poor*, Sherraden discusses both types of policies. For example, he describes an account with an initial deposit of $1,000 at birth and an additional $500 deposit placed in the account for each year of schooling completed through grade 11

[11] For information on the Child Trust Fund go to https://www.gov.uk/child-trust-funds.
[12] For information on ASPIRE go to https://www.govtrack.us/congress/bills/110/s3557/text.
[13] For the list of key principles in *Asset and the Poor* see pages 297 & 298. Admittedly, Sherraden provides several different lists. Also see p. 199.
[14] While there are some differences, the principles outlined by the expert group largely mirror and our built on the work conducted by the Center for Social Development at Washington University in St. Louis. For more information go to https://csd.wustl.edu/ten-essentials-for-taking-child-development-accounts-to-scale/.
[15] Sherraden, M. (1991) *Assets and the poor: A new American welfare policy*. Armonk, NY: M.E. Sharpe.

(see p. 240). Sounds a lot like Senator Casey's large-dollar CSA. Sherraden also detailed other possibilities for deposits. For example, he talked about adding a $2,500 deposit into the account once the child completed 12th grade and an additional $5,000 for completing one year of national service following high school (p. 240). This is not a vision of a small-dollar account; with these additional deposits it is much more like Senator Booker's Baby Bonds proposal in amount deposited.

Regarding the potential of such policies to reduce the racialized wealth gap, research shows that a progressive children's asset building intervention with an initial deposit of $7,500 for low-wealth households that incrementally declines down to $1,250 for the highest wealth households could close the Black/White wealth gap by 23% and the Latino/White wealth gap by 28% (Sullivan, Meschede, Shapiro, Asante-Muhammed, and Nieves, 2016). **Given this, it is fair to say, in a time when it was almost unthinkable, Sherraden dared to dream of a vision of CSAs that faced the racialized wealth gap head on.**

The large-dollar history of CSAs serves as the backdrop for the large-dollar CSAs and Baby Bonds proposals of today. This history also shines light on why I say there is very little that separates the asset field in the end, and why uniting feels attainable and the best thing.

How CSAs Became Small-Dollar

Despite the bold vision of CSAs Sherraden originally outlined, the field, in some ways, had to adopt a narrower interpretation of what a CSA was. This was necessary to get demonstrations and research funded and off the ground initially. While necessary, the adoption of the narrower vision of CSAs may have inadvertently helped to create a greater distance between the idea of a CSA and Baby Bonds. Baby Bonds proponents, because of their research on the unconscionable wealth gaps rooted in the history of slavery in America, found it impossible to settle for something less at the time, something that would not substantially deal with racialized wealth inequality.

CSA proponents were willing to accept something less, at least initially. This was because the key first steps for them were about demonstrating that an institutional structure could be created to provide assets to the poor and providing evidence that the poor could benefit from such a structure if given access to it. In this passage from *Assets and the Poor*, Sherraden summarized the approach the CSA field would end up taking, along with what it would ultimately prioritize:

> Therefore, *the structure* for asset-based welfare *is the most critical* element in policy design. Once a structure is in place that facilitates asset accumulation by the poor, *even if modestly funded at the outset*, then through creative approaches and where success is proven, the programs might expand. (Sherraden 1991, p. 298, emphasis added)

Again, the point here is not to say either perspective is wrong. Instead, it is to say each played an important but different role which has helped to keep them on parallel policy tracks. They also came to fruition in very different social, political, and economic times. The CSA fields emphasis on structure allowed them to compromise on the scope of CSAs and paved the way for an era of important demonstration work.

The Era of Demonstrations

Assets and the Poor introduced the idea of asset building into the applied social sciences and initiated significant policy demonstrations and research that changed the asset building field as a whole. The first large scale demonstration that sprang out of *Assets and the Poor* was the American Dream Demonstration (ADD) which started in 1997 and concluded in 2002.[16] It examined whether lower-income families and households could build assets in matched savings accounts (emphasis on can the poor save), referred to as Individual Development Accounts (IDAs).[17] In *Assets and the Poor*, IDAs were proposed as long-term accounts that would be automatically available to everyone in the United States, accrue earnings, and be restricted to specified uses such as homeownership, education, or starting a small business (e.g., p. 297). As implemented, however, in part due to funding constraints and the need to produce demonstrable outcomes on timelines acceptable to philanthropic and government investors, IDAs became short-term asset building programs for low-income adults.

[16] For more information on ADD go to https://csd.wustl.edu/items/american-dream-policy-demonstration/.

[17] For more information on IDAs go to https://csd.wustl.edu/ida/.

This was not the original vision for IDAs, but it was a necessary narrowing to demonstrate the idea. ADD eventually led to significant federal legislation known as Assets for Independence.[18] Further, ADD was extremely important for asset researchers even outside of the CSA field because large questions existed about the independent role of assets and whether poor families could benefit from owning assets. **Without this evidence, the identification of large wealth inequalities did not matter because the prevailing belief was that even if you give the poor access to assets and the institutions that allow for the accumulation of assets, the poor couldn't save, and wouldn't benefit so why bother.** Although the narrowing was necessary, it also had the unintended effect of normalizing a more limited understanding of what IDAs were.

IDAs were the precursor to CSAs. Beginning in 2003, a new and important demonstration started testing CSAs for younger kids called Saving for Education, Entrepreneurship, and Downpayment (SEED).[19] It was a 4-year demonstration project. There were about 1,171 low-income children and youth of all ages in 12 locations across the country that received matched savings accounts and financial education. Again, most of these accounts had multiple asset building purposes (education, homeownership, or starting a business). These initial CSA initiatives focused heavily on saving and saving habits of families. That is, the demonstration put a fair amount of emphasis on the question, 'Can the poor save?'[20] And they relied on local community organizations to administer accounts. You can see from these initial efforts, while they adhered to principles laid out in *Assets and the Poor*, they looked very different from what CSAs have become. Unlike today:

- in most cases they had multiple asset purposes
- most were opt-in models
- focused on saving and financial education
- were administered by community organizations

Drawing from lessons learned from these early demonstrations, the focus shifted from concentrating on whether the poor can save to finding the right policy platform to administer CSAs at scale (i.e., focus on institutional structure) and documenting asset effects. In the final SEED report, researchers concluded, "*Although SEED community partners rose to the challenge of managing accounts during SEED, account management should be performed by financial institutions devoted to these tasks in the longer term*" (Sherraden & Stevens, 2010, p. 16).

Next, came the SEED for Oklahoma Kids (SEED OK) research experiment.[21] This rigorous research study conducted by the Center for Social Development (CSD), under Michael Sherraden's watchful eye, is the first study testing the principles of a universal and progressive CSA policy aimed at long-term asset building for postsecondary education from birth. Importantly, it used the Oklahoma 529 College Savings Plan (OK 529) as its policy platform. SEED OK was the impetus for the proliferation of CSAs both in the US and around the world. By the end of 2021 there were 123 CSA programs serving 1.2 million children in more than 39 states (Thiemann & Markoff, 2022). Globally, 15 million children now have accounts (Zou & Sherraden, 2022, June). The size of the field today illustrates the significant impact small-dollar accounts continue to have.

Consequences of Normalizing Small-Dollar CSAs within the CSA Field

Nevertheless, over the more than 20 years since ADD, what *might* be called a period of normal science formed (i.e., a period when the field acknowledges small-dollar CSAs as the model for what CSAs are) within the CSA field, the small-dollar CSA era. I think it is important to point out, my research has done as much to highlight the importance of small-dollar CSAs and help usher in what might thought of as a period of normal science as anyone's (e.g., Elliott, Song, & Nam, 2013). Despite this, I believe that evolution of the CSA field and uniting is paramount for passing and maintaining asset building legislation that would ***best*** (i.e., provide the most benefit) help minority and low-income families. This does not mean what has already been done isn't valuable. In the end, my contention is that uniting is a natural outcome because these policies all have the same origin and share many of the same goals and principles for achieving them.

[18] For more information on Asset for Independence go to https://www.acf.hhs.gov/ocs/programs/afi.

[19] For more information on SEED go to https://prosperitynow.org/resources/lessons-seed-national-demonstration-child-development-accounts.

[20] For theory and evidence that the poor can save from ADD see (Schreiner & Sherraden, 2007).

[21] For more information on SEED OK go to https://csd.wustl.edu/items/seed-for-oklahoma-kids-seed-ok/

Further, let it be very clear, as being used here normal science does not refer to asset building as it fits into American social policy today. **While there is greater awareness of the independent effects of assets in research circles and the depth of racialized wealth inequality since *Assets and the Poor*, social policy in America still predominately emphasizes income first.** My written remarks from a recent conference discuss the importance of understanding income and assets as complementary and how changing the income first narrative is likely necessary to pass meaningful asset legislation (Elliott, 2022). Sherraden spoke about the income first narrative in *Assets and the Poor* long before I wrote my remarks. **However, what I am speaking about here, is something resembling normal science within the asset field itself, and even more specifically within the CSA field not the broader social welfare context in America.** The era of normal science and its emphasis on a policy platform for administering CSAs, while vitally important, has also made it hard for the field to embrace substantial government deposits as being a must have for federal legislation, rather than just a nice thing to have.[22]

What the example of normal science teaches us, is that during these periods, institutions form (such as, state treasuries, financial providers, research institutes, and many others) within a field whose interests are served by maintaining the current paradigm (i.e., the small-dollar paradigm). Beyond self-interest, there is just this fear among some programs and proponents that if they allow space for conversations about a multi-purpose large-dollar CSA, it might diminish/threaten current small-dollar CSAs and the work they have accomplished. Understanding systems' natural desire to survive, Kuhn (1962) contends during periods of normal science all that becomes acceptable is making small tweaks to the existing paradigm, fundamental changes are resisted.[23] This is not a critique of the last 20 years of the small-dollar paradigm. Periods of normal science are actually very important and healthy. Society/people cannot constantly reside in a revolutionary state where the goal is not evolution of existing systems for the purpose of meeting new challenges, but their complete overthrow. **This period of normal science in the CSA field, however short, provided the context for developing a body of evidence that is now clear, CSAs can have important impacts on both families' and children's outcomes (see e.g., Elliott and Harrington, 2016; Huang, Beverly, Clancy, & Sherraden, 2021).** So, there are a ton of good reasons to continue to support small-dollar CSAs at the state and local level. Further, the development of large-dollar multipurpose CSAs doesn't mean the elimination of existing small-dollar CSAs.

What Might Evolution of Small-Dollar CSAs Look Like?

Let me paint a picture of how small-dollar CSAs may evolve after the creation of a multipurpose large dollar asset building policy is enacted. The clearest picture I can point to comes out of Singapore and is described by Loke and Sherraden (2015). Now, I am not suggesting that the Singapore model is the one that should be adopted in America. Nonetheless, there are things we can learn from it, and it may help some to better picture how small-dollar CSAs can evolve to complement a large-dollar asset building policy. Singapore's government provides four different accounts specifically targeted at children: (1) Children's Development Account (CDAs - birth to 12), (2) Edusave accounts (6 – 17), (3) Postsecondary Education Accounts – (PEAs - 13 and older), and (4) the Medisave Account (every newborn). Importantly for this discussion, individuals also have a Center Provident Fund (CPF) which is a lifelong mandatory savings account. I will not attempt to explain this system in detail, Loke and Sherraden (2015) do this well and I am not an expert on it.

What is important here is the idea that existing CSAs can continue to be an important part of a larger asset building strategy in the US. CSAs most resemble PEAs in Singapore's system. Funds that are not spent in PEAs can be transferred into their multipurpose mandatory CPF account when the account holder reaches age 30. Similarly, we can imagine a system where funds not spent from CSAs can be transferred into children's Baby Bonds/Large-Dollar CSA after a certain age.[24] Even though current proposals in the US do not call for lifelong accounts, I think this would make the most sense for

[22] For information on normal science see Kuhn, T. S. (1962). *The Structure of Scientific Revolutions*. Chicago: University of Chicago Press.
[23] Kuhn, T. (1962). The structure of scientific revolutions. Chicago, IL: The University of Chicago Press.
[24] I suggest that any new multipurpose large-dollar asset building policy in the US should adopt the principle of being lifelong.

large-dollar CSAs. This would allow for children, if they did not spend all of their funds on college, for example, to use it on other asset purchases. It also would allow for assets from different sources to continue to flow into the accounts over the course of their lifetime. The idea of these accounts being lifelong is also an idea that Sherraden originally proposed in *Assets and the Poor*. Further, it is also worth mentioning that changes to state 529 regulations now allow for funds in CSAs to be spent on educational expenses in elementary school.[25] As a result, they could also serve a similar but not the same purpose to Singapore's Edusave accounts. From this, with just a little imagination, we can begin to picture how small-dollar CSAs can be part of an American system of asset building for the poor. **Understanding small-dollar CSAs as continuing to serve an important role in education financing should also reduce the tension around concerns of small-dollar CSAs being eliminated or no longer relevant with the passing of a large-dollar asset building policy.**

If Evolution is not Possible, Revolution is Unavoidable

While Kuhn (1962) has in mind the overthrow of a period of normal science through revolution, here I am describing a shift in a paradigm that more resembles it evolving to fit the times and its problems. I suggest something like a tipping point exists between when evolution or revolution occurs in a field. Building on Kuhn (1962), this tipping point has to do with the number and types of problems the current paradigm is perceived to be failing to solve by people potentially outside of the field. It also depends on the degree to which outside events incite a call for change and what amount of change (evolution or revolution) is acceptable to those demanding change. No paradigm solves all problems, and the nature of existing problems can change over time requiring paradigms to evolve to survive. **When a paradigm ceases to evolve when the nature of problems change, or the field demonstrates its unwillingness to evolve, revolution becomes almost certainly unavoidable.**

A problem small-dollar CSAs have been accused of not adequately addressing, is that they do not provide enough money (e.g., to pay for college). In this respect, they can be seen by some as a relatively small idea when considering the cost of these programs while staring in the face of the size of the problem they are meant to solve. I understand that they are not a small idea. I have done a fair amount of research that helps make this point. However. in the end of the day this is a perception that exists, and it is a narrative that persists outside of the CSA field and it's not without some merit.

Anyone who has worked in the field has undoubtedly heard this retort, "*not enough money to make a real difference in the lives of poor kids*". Certainly, the growth of small-dollar accounts suggests the field has been able to combat this at least to some degree. However, the landscape is changing. **More people are clamoring for big ideas to tackle wealth inequality. This is illustrated by the growing popularity of such policies as free college, college debt forgiveness, and even Baby Bonds in recent years.** These ideas were not mainstream 20 years ago or even 10 years ago. The narrative around these policy proposals is that they are big ideas. For example, when talking about Baby Bonds, Senator Booker said: "*I think it's an idea that's growing… And it's a big idea. It's on the level of Social Security. It's on the level of Medicare*" (Associated Press, 2022, para 14). These so-called big ideas are capturing the imagination of many in the public as well as some politicians and national media. They also threaten the small-dollar field if calls for big-ideas persist and grow, and the CSA field is not seen as evolving in response to the changing nature of how wealth inequality as a problem is perceived in America today, and what is expected out of interventions designed to tackle it.

The context for the changing nature of wealth inequality as a problem is the events that have occurred over the last several years. Events such as the Great Recession, government shutdowns, murder of George Floyd, wars, and pandemics and what you have begun to see is clamoring for something bigger and now not later. **In such a moment, small-dollar CSAs and the lessons continuing to be learned from them can erroneously be relegated to the back pages of newspapers as a relatively small idea.** To assume that small-dollar CSAs are no longer worthwhile is truly a mistake. But it does seem appropriate within the current context to recognize that evolution is needed, or the field runs the risk of hitting a tipping point where revolution is demanded by the public. A revolution that renders CSAs

[25] For information on these changes see https://www.tennlaw.com/12/529-plans-not-just-for-college-anymore/

no longer relevant.
It is important to point out or even sound the alarm, that Baby Bonds run the risk of similarly becoming limited and even rebranded over time as a small idea. This is where controlling the narrative matters. For example, even though some Baby Bonds initiatives popping up are much smaller than what Hamilton and Darity originally envisioned, Hamilton nevertheless has characterized them as a "*big giant first step*" (Steverman, 2022). In the beginning, I can imagine the CSA field saying something similar about small-dollar CSAs, and there is merit to saying this. **I am not sure what the tipping point is for how many of these small-dollar programs have to come into existence before they begin to redefine what a Baby Bonds program is, but there does seem to be a point where this is the case.** Given this, at the very least this seems to put a timeline on when more substantial policy must be passed before normalization of the small-dollar variety occurs and it becomes hard not impossible to discuss something larger without push back. I know this is the case within the CSA field because I have been told on numerous occasions that I was simply being impractical/unreasonable when I discussed not settling for infrastructure (i.e., the plumbing) without a substantial government investment.

Some Signs that Evolution instead of Revolution is Possible

The attempts of CSA programs to find ways to add funds to accounts outside of family contributions indicates that the full-fledged revolution (the overthrow and elimination of existing small-dollar programs) Kuhn discusses is not needed. Instead, as originally intended, small-dollar CSA programs are naturally evolving to accommodate large-dollar ideas. In many ways, the main point of this paper is that all three of these ideas share the same origin story and much of what is coming to fruition was outlined in *Assets and the Poor.* This should make unity appear even more reasonable as well as possible.

At the outset of this paper, I pointed out how NYC Kids Rise was rebranded from a CSA program to a Baby Bonds program. I believe this rebranding represents a coming together of small-dollar and large-dollar ideas as much as it is the forsaking of small-dollar CSAs for Baby Bonds. This requires a quick side discussion. It appears the city chose to rebrand from a CSA program to a Baby Bonds program in large part because the Baby Bonds idea is perceived by some within the city as being more closely related to racialized wealth and educational inequality than CSAs are currently. Thus, Baby Bonds are seen as more of a response to events like the murder of George Floyd than CSAs are currently. This is further illustrated in the fact that the NYC Kids Rise expansion was announced by the *Taskforce on Racial Inclusion & Equity* as part of their Juneteenth Economic Justice plan.[26]

Understanding Baby Bonds as being more focused on racial equity appears to be more a difference rooted in perception and focus between CSAs and Baby Bonds than a substantive difference. For instance, Sherraden in *Assets and the Poor* was one of the first scholars to talk about racialized wealth inequality. Though, admittedly, racialized wealth inequality has been much more out in front for Baby Bonds. To me, this is another reason for why unity is possible and likely the best outcome for passing legislation and sustaining it over the long run. First, both have a history with studying and agree that racialized wealth inequality must be addressed, there is no fundamental difference on this. Second, the increased focus and public perception that the Baby Bonds camp has on this issue should only augment the other strengths that the CSA camp brings regarding administering a large-scale asset building policy.

Returning to the idea that the CSA field is already showing signs of evolving. Sherraden has long said CSAs allow not only for government and even family deposits but deposits from a number of different sources. The ability to make additional deposits is a key distinction from Baby Bonds proposals (see **Table 3**). For example, NYC Kids Rise has brought this aspect of CSAs to the forefront in their program emphasizing community wealth building, an idea I think Baby Bonds proponents would fundamentally agree with. In describing community wealth building the city said,

> Through an initial $15M investment from the Gray Foundation, New York City is the first major city in the nation to implement this groundbreaking model for community wealth building that provides ways for stakeholders within each neighborhood and across the city—including schools, CBOs, local businesses, the private sector, and philanthropic organizations—to contribute to

[26] See https://nyckidsrise.org/news/recovery-for-all-of-us/

asset building and promote community-wide expectations for students' success from their first days of school.[27]

Pennsylvania's Keystone Scholars program initiated an automatic targeted deposit of an additional $50 for mothers who participate in WIC.[28] Promise Scholars in Indiana recently had a donor convert his funding from a traditional scholarship given when children graduate high school to providing all eligible K-4th grade students a $1,000 early award scholarship.[29] Similarly, College Board recommended supplementing the Pell Grant program by opening CSAs for children who would likely be eligible for Pell once they reached college age as early as age 11 or 12 and making annual deposits of 5% to 10% of the amount of the Pell Grant award for which they would be eligible (College Board, 2013). Maybe the most explicit example of combining small-dollar CSAs with large-dollar and Baby Bonds elements (i.e., evolution of CSAs) is the City of Saint Paul's CollegeBound Boost multi-arm experimental study.[30] This example tests the impact of providing quarterly deposits ($250 per quarter over 12 months) and guaranteed income payments ($500/month for 24 months) to low-income families with a CSA. As such it is also an example for who income and asset policies can complement one another. This is something you rarely see in American social policy, income and assets combined in a single policy intervention but also likely necessary to build a winning coalition.[31]

Additional Deposits, Double Edged Sword when it Comes to Unifying

The ability to add additional deposits beyond an individual's own deposits is an important reason that the CSA field has felt legitimized in prioritizing getting the policy platform in place even over a substantial government deposit (see Table 3). However, this position is a barrier to unity when we consider that Baby Bonds proponents have as a core principle, something akin to reparations (i.e., for the government to make amends for what it did to a people through slavery policies). **Given this, the infrastructure first argument the CSA field often espouses would appear to be a bridge too far for Baby Bonds proponents and likely even large-dollar CSA proponents to accept.** This is an area where I think movement has to be made by the CSA field. However, the evolution of small-dollar CSAs toward increased emphasis on providing additional deposits suggests the time might be ripe for the CSA field to align with Baby Bonds proponents and adopt a position that demands both be enacted together in one policy.

Additional Deposits, the Case of Personal Savings

There is another more difficult area of difference regarding the ability to make additional deposits beyond a government deposit specifically related to personal savings (see Table 3). People outside of the CSA field have suggested that small-dollar CSAs rely too heavily on family deposits as the main source for building assets. If you provide a one-time initial deposit of $5 to $1,000 in a CSA, even when there is investment growth the only way CSAs can pay for college is if families are able to save on their own. This seemingly places a significant amount of onus on the family to pay for college, for example. Before the more recent emphasis on capitalizing on the strength of CSAs to facilitate additional deposits, it was hard to come to a different conclusion about the role of saving in small-dollar CSA programs despite what its proponents might say to dissuade this view. Once adopted, it's hard to change people's minds.

Furthermore, there are aspects of *Assets and the Poor* that can be interpreted as emphasizing saving. For example, Sherraden says, "*In no case would public subsidies support deposits without some level of mutual participation, or co-contribution, between the recipient and the government*" (p. 201). Mutual responsibility is one of the key principles for asset-building policy listed on p. 199 and described on p. 201. In addition, there is evidence for interpreting this very narrowly as requiring saving from income.[32] However, I do believe Sherraden had in mind the possibility of other types of participation beyond saving, although these were more difficult to

[27] See https://www1.nyc.gov/office-of-the-mayor/news/776-21/mayor-de-blasio-first-community-scholarship-donation-nyc-s-universal-baby-bonds#/0
[28] See https://csd.wustl.edu/21-36/
[29] See https://www.yournewslocal.com/wabash-city-schools-announces-1000-award-for-k-4-students/
[30] For more information see https://www.twincities.com/2022/06/29/st-paul-basic-income-experiment-500-month-checks-college-money/
[31] For more information read the op-ed *Giving Children Something to Live For* and conference remarks *Economic Security from an Asset Perspective*. Can be found at https://aedi.ssw.umich.edu/launch.
[32] He goes on to say, "*The poor would be encouraged to raise their match through earned income, income transfers, entrepreneurial ventures, fund-raising, or in other ways*" (p. 202).

envision at the time.

Nevertheless, the Baby Bonds camp has pushed back against providing families the ability to make deposits (similar push back has been expressed with respect to financial education). This push back comes, in part, because the requirement to save can feel like blaming the poor. *Maybe even more difficult, is that the idea of mutual responsibility, feels almost the direct opposite of reparations*.

Despite this, I think the opportunity to save is an area where movement on behalf of Baby Bonds proponents is needed to build unity. Moreover, movement seems possible where it is the case that there is a substantial deposit(s) included by the government and this deposit(s) is not dependent on families to save to receive it. **Where a large government deposit(s) is part of legislation, saving can be more easily seen as an extra not a requirement for receiving government funds.** While this could reasonably be interpreted as being contradictory to the principle of mutual responsibility, there is evidence that the field never interpreted this principle as literally as it might be outside of the field. For example, it has long been common practice that CSA programs provide families with an initial deposit that requires no family contribution. Mostly where this idea manifested itself was with regard to matched saving which is an idea that programs seem to be moving away from because it can unintentionally exacerbate inequality (Elliott, 2018, see p. 416). This is because matches tend to benefit higher income families who are in a better position to fully take advantage of matching schemes in the first place.

As described in the last section, CSA programs are increasingly finding ways to provide deposits beyond the initial deposit that do not require family contributions (e.g., NYC Kids Rise community wealth building, Promise Scholars early award scholarships, Keystone Scholars WIC payments, College Bound's quarterly deposits). **The fact that the CSA field has moved away from mutual responsibility (or never fully embraced it) as a key principle is why I suggest movement is needed by the Baby Bonds camp, movement by the CSA field has already happened.**

In the end of the day, saving is not just something the CSA field values, it is something low-income families also value and research indicates benefits them (Sherraden & Moore, 2010).[33] If this is the case, not allowing for a saving option can be seen as though research and policy makers are not taking into consideration what low-income families value and want in a policy.

Must also have the Capability to Leverage Accounts

While space will not permit a full discussion, including options for personal saving and even financial education can also play a role in assuring families and their children have the capability to maximize the return on their CSA or Baby Bond (i.e., they have the capability to fully leverage them). These accounts will never provide enough funding so that children do not need to continue to work and build assets over the course of their lifetimes. That is not their purpose. **That is, asset building policies for the poor do not seek to replace effort and ability with a government handout as some would have you believe. Instead, they seek to bring to life the American dream for all Americans, to make it truly about effort and ability and not where you are born.** So, assuring recipients of these government deposits are in position to leverage them for building additional wealth just seems like good policy.

Despite the signs of the CSA field evolving to include large-dollar principles, something akin to a period of normal science currently exists in the CSA field. I say "akin to" because the CSA field is still relatively new and how rooted in it, is debatable. The lack of rootedness is another reason evolution, not revolution, and unity feel possible at this time. However, I have been in too many conversations within the CSA field over the years to deny that something like a period of normal science exists, even if the field is unwilling to accept that it exists. But, as I said, there are hints the field is ready to break out of this period and evolve. This appears to me to be a necessary step for achieving unity.

Small-Dollar Era Paved the Way for

[33] Sherraden, M. S. and McBride, A. M. (2010). Striving to save: Creating policies for financial security of low-income families. Ann Arbor, University of Michigan Press.

Large-Dollar Asset building Policy

The fact that the CSA field entered into a period of normal science concerning small-dollar CSAs in the years after *Assets and the Poor*, does not diminish the importance of the work in particular that CSD and Sherraden have done over the past twenty plus years. Or, what we can and should learn from the work done in this period. For example, SEED OK has demonstrated that the state 529 platform could be used to successfully create universal and sustainable CSAs with little extra time or cost. This accomplishment comes out of the work and advancements that small-dollar CSAs have made and cannot be understated. As Baby Bonds have begun to grow in interest, not surprising given what we know from the CSA experience, there are rumblings that Baby Bonds programs are being confronted with having to identify a policy platform that will allow them to scale. The state 529 policy platform used by most CSA programs provides some important learnings for the Baby Bonds field.

Certainly, there are limitations with using state 529s as a policy platform for a large-dollar multipurpose asset building policy. The CSA field has written about some of these limitations. An obvious limitation is their restricted use for education (Cisneros et al., 2021b). **A more complicated politically charged limitation is the perception by some that state 529s are a policy platform that only serves the wealthy.**[34] However, the fact that there are some limitations related to using state 529s does not mean that Baby Bonds or even Senator Casey's large-dollar CSA proposal should not build upon the important work of CSD and the states. In the next section a way to overcome the limitations of using state 529s as the platform for a larger asset policy is explored.

The ABLE Act Example: Transforming State 529 Policy into a Unifying Force

In a recent email from Michael Sherraden, he outlined what are simple, compelling, and practical reasons not to abandon the 529 platform altogether. Here is a summary of what he said about why the asset field should build on the 529 platform:

- it represents a huge existing policy asset and public good
- it is already in place, effective, and sustainable
- it is adaptable for new policy goals, as ABLE and CSAs have demonstrated
- it is wide open for additional innovations, which federal legislation can guide
- it is a platform for large federal funding that brings all children into asset building
- it is open to federal guidance to the states for achieving racial and economic equity
- it is the best option for merging all child account policy initiatives, including Baby Bonds

The seeming unwillingness of large-dollar CSA and Baby Bonds proponents to build upon the state 529 infrastructure I don't believe comes from deep-seated animosity with small-dollar CSA proponents or its leaders. Instead, it is about their commitment to adhering to what they have identified as key principles for creating an asset building policy that is likely to reduce or eliminate wealth inequality. If it is the case, that small-dollar, large-dollar, and Baby Bonds proponents share many of the same principles then there is reason to believe that the different groups can create and unite behind a common policy structure. **Given that many of the differences are around the appropriate policy platform, the question becomes what policy platform provides the best opportunity for the field as a whole to unite around?** It would seem to me, that the platform would have to be one that allowed each group to maintain what they have identified as key principles that are different from one another (e.g., multipurpose large dollar in comparison to capitalizing on the existing institutional structure in the states) while accentuating those principles they share in common.

The *Achieving a Better Life Experience (ABLE) Act* of 2013 might shed light on **one way** that such a uniting policy structure can be built.[35] ABLE is a policy response to asset limits associated with people receiving Social Security Insurance (SSI). It allows eligible people with disabilities to create a tax-free savings and investment account and save up to $100,000 before SSI status is affected. Only four states (ID, ND, SD, WI) currently do not have an active ABLE program.[36] **This speaks to**

[34] The idea in liberal circles that 529s mostly serve the wealthy is reflected, at least in part, in President Obama's attempt to eliminate them, see https://www.nbcnews.com/politics/barack-obama/obama-dropping-plan-tax-college-savings-accounts-n294921

[35] For more information on ABLE see https://www.federalregister.gov/documents/2020/11/19/2020-22144/guidance-under-section-529a-qualified-able-programs

[36] See https://www.ablenrc.org/select-a-state-program/.

how fast a policy structure built on the existing 529 legislation can get up and going, even a much more complex one like ABLE. Unlike CSAs or even Baby Bonds, ABLE allows for many different types of expenses (such as, education, transportation, employment training, assistive technology, personal support, financial management, etc.). This makes it harder to administer. Further, ABLE is unique from large-dollar CSA or Baby Bonds proposals because there are a relatively small number of people who participate in SSI. This has complicated decisions by states on whether they needed to start their own program or not.[37] Given that the asset building proposals described here-in are less complex than ABLE, I suggest that ABLE provides the field with a viable example of how state 529 legislation can be transformed to create a new unifying policy structure for administering a large-dollar asset building policy at scale.

This is not meant to be a detailed discussion of ABLE, there are organizations and people better equipped to provide that. **Importantly for this discussion, though, the ABLE Act demonstrates that Section 529 of the Internal Revenue Service Code of 1986 can be amended to allow for a totally new asset building program to be created.** What is being suggested here is not to adhere to the ABLE model, it was created for a very different purpose than large-dollar CSAs or Baby Bonds proposals are being created. **However, the ABLE example might just provide a quick and cost-effective way to build on the lessons and infrastructure that small-dollar CSAs have provided the field without the baggage that using the existing state 529 model does.** And because it would be a new policy platform:

- it could be designed to correct for known limitations of current state 529s,
- could allow for rebranding (e.g., not for the rich but for everyone), and
- could be adapted to align with key principles identified by the asset field as a whole

As such, the ABLE example may provide clues on how to develop a policy structure that would allow for a stronger united asset building coalition to be built.

Assessing the Possibility for Unification of the Asset Field

Table 3 provides information on my perceptions about the potential barriers the field may face in coming together, compromises that might have to be made to facilitate unification, and my level of concern over the ability of the field to make the compromises needed to achieve unification. Certainly, there will be disagreements on the information in Table 3, but hopefully it stimulates thoughts about what you the reader see as potential barriers, what is needed to overcome these barriers, and what your level of concern is in our ability as a field to compromise.

Table 3 illustrates that most of the barriers reside around coming to agreement about the appropriate policy platform for administering a new asset building policy. This is where the ABLE example can serve as a tool for helping the field unify. However, there still are challenges around allowing for additional deposits and most of all allowing individuals specifically to save in these accounts (i.e., saving).[38] While clearly this is a significant concern for researchers studying Baby Bonds, it is harder for me to assess how much of a concern (i.e., deal breaker) it is for Senator Booker. Senator Booker has advocated for CSAs[39] and promoted saving more generally,[40] for example. This suggests that he might not totally be closed to the idea of including saving so long as there is a large government deposit(s). If this is the case, there is room to come together on this issue. Further, past research suggests that the opportunity to be able to save is something low-income families themselves embrace, this should matter in this discussion.

This brings up another high concern for me. Small-dollar CSA proponents have expressed in any number of meetings I have been a part of, if a policy only provided the "plumbing" meaning the policy platform or infrastructure and even a minimal deposit or maybe even none by the government, they would support such a bill. So, the concern is could they agree that a substantial government deposit is not a luxury but a must have? I am

[37] See https://www.thinkadvisor.com/2015/07/23/able-act-passed-but-many-questions-remain/

[38] For a discussion on the position to not include savings option see https://www.cato.org/commentary/cory-bookers-baby-bonds-wouldnt-support-savings-culture-its-just-more-government

[39] See https://prosperitynow.org/blog/catalyst-forum-brings-together-senator-cory-booker-and-nfl-star-justin-tuck-talk-nyc-leaders

[40] See https://prosperitynow.org/blog/congress-introduces-legislation-help-families-save-emergencies-tax-time

not suggesting they don't value a substantial investment, just that it is not a must have for a policy to be initially enacted. They can wait on the large government deposit if they get infrastructure. This is hard because it appears to be rooted in the belief that that if politicians promise to provide additional funds down the road, they will actually do it. In the end of the day, what seems to be underlying this position is the perception that infrastructure is just more important than a substantial asset deposit(s). It also might just be a type of allegiance of the small-dollar field that has emerged with a sense that large-dollar accounts could threaten their existence. However, the Singapore example discussed earlier may help reduce this concern because it provides an example of how large-dollar accounts do not have to mean the end of small-dollar accounts and the work of the states. Instead, these can form a system for asset building among the poor.

The last significant concern I have and what I think is the most difficult to overcome is the sense by academics, policy makers, programs, and others that any type of movement toward unity, jeopardizes what they have built. This can be characterized as being self-interested but a part of it is simply instinctual. When you feel attacked, or you feel your ideas are being attacked it is not unusual for people to resist. Survival instincts kick in almost unconsciously. I did not put this in the table, but this is probably the most difficult barrier to overcome and has the potential to influence people's perceptions about everything concerning unifying. In part, because it is less about the facts and more about sentiment which is also important in trying to get a coalition united to take on what will be a political fight. **A potential way to overcome this instinct to defend what we have built, to me is developing a jointly established policy with a jointly established name. This gives everyone involved a stake as cocreators.** Further, again, this is where I think ABLE is a good example on how this can be facilitated.

If everyone feels they have a stake in a policy, they will be more likely to fight for it and unite behind it. **When people feel like they do not have a stake in a policy even if they agree on some level with its underlying principles, their commitment to fight can wane in crucial moments.** Any major asset building policy for the poor will be confronted with resistance and attacked long after it is passed.
Moreover, immediately a battle will ensue over the narrative surrounding it. Therefore, a cohesive narrative championed and disseminated by all in the field is also required to pass and sustain asset building legislation for the poor. It is hard to have a cohesive narrative when there are different proposals being put forward on an almost yearly basis that different people have more or less a stake in. This splintering also creates what might be small cracks in the armor of the coalition for those who do not want to see anything done by the government for the poor. These small crakes, when the fire is at its hottest, can be exploited by the opposition and bust open large fissures.

Last thing on this topic. It would seem, at a minimum, even if the field cannot come together and craft a proposal that all would have a stake in, the field could benefit from at least acknowledging both in private and in public these different proposals share the same common origin story and many of the same key principles. That there is far more that they share in common than separates them. This could go part of the way toward presenting a unified front and help everyone to claim a stake in each of the different proposals. While establishing internally (within the asset field) but also externally (in the public) a common narrative, that is harder to tear apart.

CONCLUSION

Researchers in the Baby Bonds camp have done a lot of good work to illuminate the racialized wealth gap in America and the need for a substantially funded asset building policy for the poor (for e.g., Oliver and Shapiro, 1995; Denton and Massey, 1994).[41] They kept the light on the wealth gap even when few wanted to hear it and even fewer would accept what they were hearing. They pointed out that a substantial asset building policy for the poor was needed to truly address wealth inequality in America and breathe life back into the American Dream. They kept the spotlight on wealth inequality throughout the years since *Assets and the Poor* even when promising programs like small-dollar CSAs started to spread across the country. They continued to remind everyone that large government deposit(s) were still needed. They continued to beat this drum until a growing number of people came to understand the importance of the need and in 2018

[41] Massey, Douglas S., and Nancy A. Denton. 1994. American Apartheid: Segregation and the making of the underclass. New York: Routledge.
Oliver, Melvin, and Thomas Shapiro. 1995. *Black wealth/white wealth: A new perspective on racial inequality*. New York: Routledge.

Senator Booker put forward his Baby Bonds proposal.

Equally important, CSA researchers demonstrated when given access to asset building institutions the poor both valued saving and in fact would save (e.g., Schreiner & Sherraden, 2007). Moreover, they demonstrated that even small amounts of money could make a meaningful impact in the lives of the poor (e.g., Elliott, 2013).[42] By doing so they proved that wealth inequality matters. They also brought into public and policy conversations the idea that policy infrastructure plays an important role in the ability to scale asset building interventions. They did not stop at theorizing. They went on to conduct a large-scale social experiment (SEED OK) that demonstrated the validity of these ideas. Through this experimentation they have seen Pennsylvania, among others, enact statewide (about 144,000 births per year) CSA legislation and administer it successfully using their state 529. As a result of this work the CSA field has been able to identify a set of best practices that should serve as a guide for any asset building policy the field decides to unify around (Cisneros et al., 2021a).

To take the next step, it might be time for the asset field as a whole to move from policy exploration at the federal level to uniting behind a set of key principles captured in a single policy proposal and form what could become a winning coalition. **Table 4** takes a look at what a set of commonly shared principles might look like, rationale for each, as well as goals of each.

A coalition that has the *best* chance to enact significant asset building policy for the poor. The call to action seems simple then:

- embrace the reality that CSAs and Baby Bonds have a common origin story and thus share a set of key principles that makes them more alike than different, and
- follow the ABLE example on how to draft a new policy that aligns with key principles of both groups while using the existing infrastructure in the states and best practices in the field

If the field can do these things, it might just be able to enact significant asset building policy for the poor in our lifetimes that is built on a policy platform designed to sustain it for generations to come.

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[42] For broader reviews of the research see Elliott & Harrington, 2016; Huang, Beverly, et al., 2021

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Table 1. Comparing Old and New CSA Principles

CSA Principles from *Assets and the Poor* * (Multipurpose Account)	Current CSA Principles** (Education Account)
IDAs would complement rather than replace income-based policy	While not listed as a core principle, it seems fair to say they are seen as a complemen to current financial aid not a replacement
IDAs would be universally available	**Eligibility for all**—everyone is included and gets a stake
There would be greater subsidies for the poor	**Targeted additional deposits**—those with greater need get more
Voluntary (later the concept automatic enrollment would be used. Voluntary simply meant here that people should be given the ability to not accumulate assets or opt-out)	**Automatic enrollment**—remove barriers to enrollment (still voluntary in that people can opt-out if they choose to)
Responsibility would be shared-even the poorest people would be required to match government subsidies for deposits	Not accepted as a core principle
Accounts would be restricted for specific purposes, with heavy penalties for non-designated use	**Education Only**
Accumulation would be gradual	**Start young**—maximize wealth-building potential
There would be a limited number of investment options	**Simplified investment options**—make decisions easy
The system would be used to increase economic information and training	Not listed as a current principal but some programs include a financial education component.
	Investment growth—augment the wealth-building capacity of families
	Centralized savings plan—enable implementation and reduce costs
	Automatic initial deposit—jump-start wealth accumulation

* Sherraden, M. (1991). Assets and the poor: A New American Welfare Policy. M.E. Sharpe, Armonk, NY. See pp. 297 & 298.
** Cisneros et al. (2022). The case for a nationwide child development account policy: A policy brief developed by CDA experts and researchers. (click here to read)

Table 2. Comparing CSA Principles (Old and Current) to A Small-Dollar Model Program and Two Key Asset Proposals

CSA Principles from *Assets and the Poor** (Multipurpose Account)	Current CSA Principles** (Education Account)	Pennsylvania's Keystone Scholars (Small Dollar CSA)	Senator Casey's Five Freedoms *** (Large Dollar CSA)	Senator Booker's Baby Bonds ****
IDAs would complement rather than replace income-based policy	While not listed as a core principle, it seems fair to say they are seen as a complement to current financial aid not a replacement	While not listed as a core principle, it seems fair to say they are seen as a complement to current financial aid not a replacement	Senator Casey's Economic Security and his Five Freedoms, in addition to CSAs, as part of his freedom to be economically secure, he also proposes Child Tax Credit (income approach)	Nothing specific on this in their proposal but from Senator Bookers support of the Child Tax Credit, for example, it would appear reasonable to assume Baby Bonds would align with this principle
IDAs would be universally available (everyone here typically means starting with a specific age group for e.g., at birth)	**Eligibility for all**—everyone is included and gets a stake (typical deposits in CSA are between $5 and $1,000)	Every child born in PA after Dec. 31, 2018	Children in families making under $120,000 (note: the Casey camp has stated they are open to everyone receiving an account even though not specifically specified in posted materials)	Every child born would receive an initial deposit of $1,000
There would be greater subsidies for the poor	**Targeted additional deposits**—those with greater need get more (while this is a principle, most CSA programs only provide an initial deposit)	Limited program for select WIC participants	Everyone whose gross income is at or below $100,000 will receive $500. For each additional $1,000 over $100,000 individuals will receive $25 less up to $120,000 (e.g., 101,000 would receive $475; 102,000 would receive $450, etc.). Further, those receiving EITC would also get an additional $250	After year one, size of contribution based on family income ranging from $2,000 per year for children in families with incomes below the federal poverty line to $0 for children in families with income above 500% (or $125,751 in 2002 for family of 4) of the federal poverty line (e.g., family of 4, <100% of FPL = $2,000; 125% = $1,500; 175% = $1,000; 225% = $500; 325% = $250)
Voluntary (later the concept automatic enrollment would be used. Voluntary simply meant here that people should be given the ability to not accumulate assets or opt-out)	**Automatic enrollment**—remove barriers to enrollment (opt-out – must request not to be included)	Automatic enrollment	Automatic enrollment	After date of enactment, all children automatically enrolled at birth; children under age 15 created upon request only
Responsibility would be shared-even the poorest people would be required to match government subsidies for deposits	Not adopted as a core principle but many programs have matches which the individual only receives match if they make a deposit. Most often matches are		Allows for a match up to $250 (1:1)	No match

	1:1 but sometimes they can be as high as 5:1.			
Accounts would be restricted for specific purposes, with heavy penalties for non-designated use (college, homeownership, starting a business, and retirement)	**Education only**	Education expenses	(College, homeownership, and starting a business)	Specific asset building (e.g., homeownership and college)
Accumulation would be gradual	**Start young**—maximize wealth-building potential	At birth	Birth to 17 eligible	At birth
There would be a limited number of investment options; and	**Simplified investment options**—make decisions easy	Two plans, guaranteed savings plan (lower-risk plan that helps families save toward a chosen tuition level) and investment plan (portfolio options ranging from conservative to balance to aggressive)	Treasury Bonds	Treasury Bonds
The system would be used to increase economic information and training	Not listed as a current principal but some programs include a financial education component	Not included in legislation	Not included in proposal	Not included in proposal
	Investment growth—augment the wealth-building capacity of families	Key principle	Minimal with Treasury Bonds	Minimal with Treasury Bonds
	Centralized savings plan—enable implementation and reduce costs (529 State Savings Plan)	State 529 Savings Plan	U.S. Treasury	U.S. Treasury
	Automatic initial deposit—jump-start wealth accumulation	$100 initial deposit for every child born	Automatic initial deposit of $500 for children with family incomes under $120,000	Automatic initial deposit of $1,000 for every child born

* Sherraden, M. (1991). Assets and the poor: A New American Welfare Policy. M.E. Sharpe, Armonk, NY.
** Cisneros et al. (2022). The case for a nationwide child development account policy: A policy brief developed by CDA experts and researchers. **(**click here to read**)**
*** Senator Robert Casey (2022). Freedom to be Economically Secure. (click here to read)
**** Senator Corey Booker (2022). Cory Bookers "Baby Bonds" Plan. Committee for a Responsible Federal Budget. (click here to read)

Table 3. Barriers to Unifying: Perception of the Level of Opposition to Compromising and Areas of Highest Concern

Barriers	Small-Dollar CSAs			Large-Dollar CSAs			Baby Bonds		
	Current Position	Potential Compromises Needed to Unify	Potential Level of Opposition (My Concern Level)	Current Position	Potential Compromises Needed to Unify	Potential Level of Opposition	Current Position	Potential Compromises Needed to Unify	Potential Level of Opposition
Substantial Government Investment	Important but not a Must Have	(a) Willingness to agree to walk away from federal legislation that does not include a substantial government investment but includes infrastructure; (b) Establish floor for what is substantial	High Concern (particularly with compromise A)	Must Have	Establish floor for what is substantial	Very Important	Must Have	Establish floor for what is substantial	Not a Concern
Policy Platform (Infrastructure)	Must Have	(a) Willingness to adopt an agreeable infrastructure that allows for multipurpose accounts (b) Use something like the ABLE Example to create new policy platform instead of State 529s	Minimal Concern	Must Have	Willingness to adopt an agreeable infrastructure	Not a Concern	Important but not a Must Have	Willingness to adopt an agreeable infrastructure	Not a Concern
Additional Deposits	Must Have	(a) Willingness to adopt an agreeable infrastructure that allows additional deposits (b) Use something like the ABLE Example to create new policy platform instead of State 529s	Minimal Concern	Must Have	Willingness to adopt an agreeable infrastructure that allows additional deposits	Not a Concern	Opposed	Willingness to adopt an agreeable infrastructure that allows for additional deposits	High Concern
Opportunity to Save	Must Have	(a) Willingness to adopt an agreeable infrastructure that allows for multipurpose accounts (b) Use something like the ABLE Example to create new policy platform instead of State 529s	Minimal Concern	Must Have	Willingness to adopt an agreeable infrastructure that allows for multipurpose accounts	Not a Concern	Opposed	Willingness to agree that if there is a substantial government investment then including saving opportunities is acceptable	Highest Concern
Multipurpose (Allowable Expenses)	Important but not a Must Have	(a) Willingness to adopt an agreeable infrastructure that allows for multipurpose accounts (b) Use something like the ABLE Example to create new policy platform instead of State 529s	Minimal Concern	Must Have	Willingness to adopt an agreeable infrastructure	Not a Concern	Must Have	Willingness to adopt an agreeable infrastructure	Not a Concern

Investment Growth	Must Have	(a) Willingness to adopt an agreeable infrastructure that allows for multipurpose accounts (b) Use something like the ABLE Example to create new policy platform instead of State 529s	Minimal Concern	Must Have	Willingness to adopt an agreeable infrastructure that allows for multipurpose accounts	Not a Concern	Important but not a Must Have	Willingness to adopt an agreeable infrastructure that allows for high investment growth (not treasury securities)	Concern

Table 4. What a United Policy Might Include

Principles	Rationale	Goals
Naming		
• Collectively Agreed Upon	• The names CDAs, CSAs, and Baby Bonds are affiliated with particular groups and people. A collectively agreed upon name would give everyone a stake in it	• Unity in the field • Build a strong coalition that can pass and then sustain legislation over time
Eligibility		
• Everyone is Eligible	• Creates a platform for automatic enrollment • Allows, e.g., schoolteachers to use lesson plans that discuss accounts in class because every child has an account • Allows a culture to form "we save, e.g., we go to college, we buy homes, we start businesses, we retire with assets" • Provides a platform for government transfers to happen efficiently and in a cost-effective manner for all citizens whenever needed	• Equal access • Create a universal platform for government transfers • Provide everyone with a stake • Build a strong coalition that can pass and then sustain legislation over time
Enrollment		
• Automatic Enrollment (with opt-out option)	• Importantly, it means even the child whose parents, for whatever reason, might not sign them up to receive this substantial government investment gets to participate	• Equal access • Reduce cost and time in getting people enrolled
• At Birth (also under *Leveraging Government Deposits*)	• Can use birth records to enroll children	• Only efficient way to achieve automatic and universal enrollment
Delivery System		
• Centralized Savings Plan	• Huge existing policy (529 platform) • Adaptable • Open to federal guidance	• Centralized recordkeeping • Economies of scale • Effective state policy design
• Collectively Agreed on Platform	• Current State 529s have a limited purpose (for education) and come with baggage that they are used as a tax break for the wealthy. However, there is need to take advantage of existing infrastructure states provide. The best way to do this is to collectively agree on a new policy platform that also builds on the	• Unity • Strengthen the stake in the policy • Get rid of the baggage around current state 529s as a policy for the wealthy • Reduce cost and time

	existing platform while eliminating the negatives associated with it ○ The ABLE Act provides an example of how this can be done by amending Section 529 of the Internal Revenue Service Code of 1986	
Deposits		
• Substantial Government Deposit(s)	• Provide a tool for government to fulfill their responsibility to all of its people ("like" reparations) • It's an American idea (e.g., Homestead Act, GI Bill)	• Reduce wealth gaps • Bring meaning to the American Dream (effort + ability = desired outcomes; not where you are born = desired outcomes)
• Automatic Progressive Initial Deposits	• Research from CSAs indicates that the initial deposit is extremely important for asset accumulation particularly among low-income families and ultimately for reducing wealth inequality • Simply, if poor children who start off behind and wealthier children receive the same amount of government deposits it will do little to reduce wealth inequality	• Equity • Reduce wealth inequality • Keep government funds from going to the wealthy
• Automatic Targeted and Ongoing Deposits	• Senators Casey and Booker's proposals provide yearly deposits on a sliding scale based on income • Providing children with yearly deposits serves as a cue to children and their families that they have money accumulating for major	• Equity • Increase asset accumulation among those most disadvantaged • Reduces wealth inequality
• Third Party Deposits (e.g., community investment, extended family, employers, foundations)	• Allowing for deposits beyond the government will only help grow account balances • It also provides a secure policy platform for others to help children • It provides third parties with a policy platform for accessing (i.e., providing funds to) those in need	• Increase the possibility for asset accumulation • Provide the policy platform for entities outside of the government to systematically participate (i.e., identify and access those in need). That is, right now philanthropy happens randomly or depending on who shows up. This would allow for it to reach whole groups of children within a community or even nation wide

		• Often times donors, for example, do not know how to best help, this provides a policy platform for money to go directly to a child
• Personal Deposits (Saving)	• Families indicate that they value saving • Middle and upper-income families save, suggesting they also value saving and understand it as important. Why not give lower income families and their children the same opportunity to save, would they also not benefit from it? • Introduce children to saving at young age • Saving is a tool for augmenting/leveraging government and third-party deposits • Even if the funds from personal deposits make up a small amount of the overall deposits, people feel differently when they have contributed their own funds and thus think about the money differently. This might be very important to leveraging government deposits For more information read Chapters 3 & 5 in Building Expectations, Delivering Results: Asset-Based Financial Aid and the Future of Higher Education.	• Leveraging government deposit • Development of a culture of saving • Enhance financial knowledge
Account Usage		
• Multipurpose (Restricted Uses)	• Children's lives play out differently and while postsecondary education may be important for one child it might not be for another. But all children need assets for different life transitions. A multipurpose account structure allows children to build wealth to meet these different transitions in life whether it is going to college, entering the work force, buying a home, or retiring. • Similarly, a multipurpose structure also supports accounts being lifelong as opposed	• Putting in place a policy structure that helps children build wealth for the many different transitions throughout their lives (e.g., going to college, entering employment, buying a home, retiring).

	to only for when children transition into postsecondary education, for example. • Help improve credit scores	
Duration of Account		
• Lifelong	• Building assets is a lifelong process. • Need assets during different transitions throughout life. • To allow for government transfers to happen easily during national crisis (e.g., government shutdown, pandemic, etc.). • Help improve credit scores.	• Putting in place a policy structure for asset building from cradle to the grave.
Leveraging Government Deposits		
• At Birth (this is also included in section titled *Enrollment*)	• This might look out of place here, but assets build up over time, any investor knows the earlier you start the more you will have later in life. Putting these funds in kids' accounts early, allows them to leverage them and maximize investment growth. • By starting young you can in essence change the perception of the child's starting place in life and what it means for where they will end up. Assets are real money stored today for future purchases, giving low-income kids security needed to leverage these funds and begin to plan for their futures, today.	• Maximizing investment growth potential.
• Simplified Investment Options	• Simplifying investment options strengthens family's capacity for growing their initial government deposit even though they might not have much experience with markets.	• Protecting wealth received from government deposits • Assuring low-income families who might not have familiarity with markets can more easily leverage market appreciation
• Investment Growth	• The opportunity for leveraging market appreciation is important for building wealth. • Improved credit scores. Having assets helps strengthen credit scores.	• Maximizing the return on government deposits

• Financial Education	• It is not only important to provide low-income children with wealth, but they also need to know how to protect their wealth and how to use their wealth to create additional wealth. This whole category is about teaching low-income families how to finish for themselves, understanding that no government transfer by itself will be enough to not only reduce wealth inequality but make sure gaps don't reemerge. • Improved credit scores which can also help in both building and protecting assets	• Teaching children how to grow their wealth • Teaching children how to protect their wealth
Combine with Income Based Policy (Note. This could be included with "Capability for Leveraging Government Deposits")		
• Include a Child Tax Credit or Guaranteed Income component (**Note**: This is a topic that was only briefly discussed in the "Origin Story". For more information on why this is important read Economic Security from and Asset Perspective)	• Economic security in America requires both income (enough to live by) and assets (something to live for). While income provides the foundation from which to catapult families out of poverty, assets are the fuel that empowers them with the capability to not only move out of poverty but pursue happiness. Income and assets while distinct work hand and hand. • Examples of where Income and Assets are being Combined: ○ Senator Casey combines a Child Tax Credit with a Large-Dollar CSA as part of his Freedom to be Economically Secure ○ Another example of what this might look like can be found in Saint Paul, Minnesota's College Bound Boost	• To make economic security a possibility • To facilitate asset accumulation by protecting families from having to spend their assets to meet basic needs
• Excluded from Means Tested Public Benefits Testing	• Asset policies that strip families of income assistance are doomed to fail because they will have to use their assets to do the job of	• Allowing income and assets policies to complement one another instead of being in direct conflict with one another

	income (i.e., provide for basic needs today). In a recent talk I put this a different way. I spoke of assets as the fuel that catapults a person out of poverty and keeps them from falling back into poverty. If you do not have income, however, you are forced to spend your assets; the amount of assets you have stored will determine how fast you come crashing back to earth.	• Protecting assets of low-income families • Facilitating building assets (i.e., don't have to spend down assets because of low-income) • Once families get out of poverty, putting them in a position through wealth accumulation while in poverty, to not fall back into poverty shortly after getting out