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**Testimony of Stefanie Carignan  
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The Pew Charitable Trusts**

Council of the District of Columbia  
Committee on Business and Economic Development  
May 25, 2021

Dear Chairman Kenyan McDuffie and members of the Council of the District of Columbia's Committee on Business and Economic Development. My name is Stefanie Carignan and I am a senior associate with The Pew Charitable Trusts' Health Impact Project. Pew is an independent nonprofit organization that applies a rigorous, analytical approach to improve public policy, inform the public, and invigorate civic life. My work involves assisting local, state, and national organizations to include health considerations in policy decisions across multiple sectors, such as housing, education, and employment. Thank you for inviting me to testify today on Bill 24-0236, the Child Wealth Building Act of 2021.

My colleagues and I completed a health note of this bill, which I submitted with my written testimony and that you also received through correspondence from the Council's Office of the Budget Director. A health note is a brief, objective, and nonpartisan summary of how proposed legislation could affect health. The aim of health notes is to provide evidence to inform decision-making: they are not intended to support or oppose legislation.

For the past three years, the Health Impact Project has completed health notes in jurisdictions across the country to help lawmakers learn the potential health implications of proposed legislation and policies. In December 2020, we received a technical assistance request from Chairman Mendelson inviting us to continue our partnership with the Office of the Budget Director to conduct health notes on legislation being reviewed during Council Period 24.

This health note primarily examined the available evidence regarding potential health effects of child development accounts (CDAs) because they are the closest analog to the government-sponsored trust funds (i.e., baby bonds) proposed in Bill 24-0236 that have been studied in the United States. CDAs are subsidized investment accounts that help parents save for their children's future goals, such as college or homeownership. Today I will focus on four findings from our analysis.

First, socioeconomic position is a well-documented, strong predictor of health status. People with greater income and wealth are more likely to have access to health-promoting resources such as quality housing and education, healthy foods, medical care and insurance, jobs with benefits including paid time off, and have resources to weather unexpected financial costs, all of which can benefit physical and mental health. The benefits of wealth transfer across generations, increasing children's economic, education, and social opportunities, and positively affecting their health over the life course.

Second, this bill has important implications for health equity—the guiding principle that disparities in health outcomes caused by factors such as race, income, or geography should be addressed and

prevented, providing opportunities for all people to be as healthy as possible. Of the limited U.S.-based research, we found some evidence that baby bonds can help to reduce the racial wealth gap and socio-economic disparities in saving and increase asset-holding among young adults. Without baby bonds, White Americans ages 18-25 hold nearly 16 times the wealth of young Black Americans at the median. One simulation study projected that baby bonds would reduce this wealth gap to 1.4. Furthermore, the study found that baby bonds would boost the median financial assets of young adults in the lowest quintile from \$0 to nearly \$31,000. This is significant because structural racism throughout the U.S. and in Washington, D.C. has contributed to persistent gaps in wealth, income, homeownership, and education outcomes between the city's White households and households with people of color. One report estimated that in D.C., White households had a net worth 81 times greater than Black households in 2013–2014.

Third, we found a fair amount of evidence indicating that CDAs can raise expectations of parents and children regarding children's education outcomes. Parents who expect their children to attend college are more likely to spend quality time on enriching activities with their children, contributing to their children's social-emotional development. Parental and child educational expectations and childhood social-emotional development are predictors of educational achievement.

Finally, we found evidence that the positive effects of CDAs are primarily linked to automatic enrollment and government-funded deposits. There is strong evidence that voluntary savings mechanisms exclude low-income families.

Thank you so much for your time.

Sincerely,

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