

Governor Phil Murphy

Governor Murphy Highlights Baby Bonds Proposal in Revised FY 2021 Budget

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\$1,000 Deposit Will Benefit 3 out of 4 Children Born in 2021

Proposal Mirrors Legislation Introduced at the Federal Level by U.S. Senator Cory Booker

PATERSON – Governor Phil Murphy today joined with legislators, faith leaders, and community advocates to highlight the importance of the Baby Bonds initiative in his Revised Fiscal Year 2021 Budget, which will provide a \$1,000 deposit into an account for every baby born into a household with income less than 500 percent of the Federal Poverty Level (\$131,000 for a family of four) in 2021.

Advanced at the federal level by U.S. Senator Cory Booker and prominent economists, the proposal is a critical investment to address longstanding economic and race-based wealth disparities that have only been further exacerbated by the COVID-19 pandemic.

“While COVID-19 has had an enormous financial impact on many New Jersey families, it has laid bare systemic inequities that have disproportionately denied families of color an equal chance to achieve upward mobility,” **said Governor Murphy**. “To emerge from this crisis as a stronger, fairer, and more resilient state, we need to lay the foundation for the next generation of New Jerseyans to secure their spot in the middle class and break the cycle of economic inequality.”

“We are seeing wealth inequality at its highest point in decades, which is severely limiting equal opportunity for many Americans,” **said U.S. Senator Cory Booker**. “In a country as wealthy as ours, every child should have an opportunity to build assets, create wealth, and achieve upward mobility. As I continue working to address the racial wealth gap on the federal level, I applaud Governor Murphy for prioritizing economic inequality and introducing this bold proposal aimed at leveling the playing field for children in New Jersey growing up in low-income families.”

The parameters of the proposal require newborns to either be born in New Jersey or born to parents who are New Jersey residents to be eligible for an account. Baby Bond recipients would have to be New Jersey residents to withdraw funds from their accounts, although they would not have to spend these funds in New Jersey.

Under the Governor’s initiative, the State would establish the Baby Bonds Initiative Fund, which would include individual accounts for eligible residents. Funds in each child’s account would be invested so that they generate returns that are at least equivalent to thirty-year US Treasury bonds. Recipients would be able to withdraw funds when they turn 18 for allowable uses that build wealth such as homeownership, higher and continuing education, or entrepreneurship.

“This innovative proposal will help create a nest egg for every baby born in New Jersey whose family may struggle to start their child off on the right financial foot,” **said Congressman Bill Pascrell**. “As we work to eliminate systemic issues for building wealth and financial well-being exacerbated by this crisis, baby bonds look out for the next generation of New Jerseyans on the horizon. Now, more than ever, we need to empower

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the next generation to start on a level playing field and give them the tools to build a better world for themselves and their children. I applaud Governor Murphy for the courage, wisdom, and far-sighted vision to bring forward this proposal that will change lives.”

“With so many New Jerseyans in communities of color struggling to stay afloat right now, saving money for a child’s future is not an option,” **said Senator Ronald C. Rice.** “Baby bonds are simply an investment in the next generation of our state. Generational poverty holds back far too many people, and the Governor’s proposal is a creative way to support working class families at a time of great need.”

“Baby bonds are a critical investment in our children’s future,” **said Senator Nellie Pou.** “Now is the time to think big and to support working families across our state. This proposal will provide a financial foundation for children who need it most.”

“Even prior to the COVID-19 pandemic and the ensuing nationwide economic crisis, too many New Jersey families struggled with poverty and a lack of access to educational, social, and economic opportunities,” **said Assemblyman Benjie Wimberly.** “The need for investment in our communities and our children has never been greater. Baby bonds are a down payment on the success of our future generations and I support the Governor’s proposal.”

“Creating a healthy financial start for future generations is pivotal to the future of New Jersey. This means implementing wealth-building strategies such as saving for a college education to limit loan debt, encouraging homeownership, and ensuring greater access to capital,” **said Assemblywoman Shavonda Sumter.** “The glaring disproportionate access to all of the above has had a grave economic and generational impact on working poor families. The high-level investment of Baby Bonds in New Jersey’s children will make the state a leader in the nation in eradicating poverty and reducing persistent economic disparities.”

“One of the first initiatives I started working on was developing the framework for a Baby Bonds program in the Garden State,” **said Assemblyman William Moen.** “While COVID19 has affected all of our lives in different ways, it has made it ever more clear the need to narrow the income inequality gap and continue to help New Jersey families reach income equity. Now is the time to start this conversation. I commend the Governor on this proposal, and look forward to working alongside him and the legislative leadership to advance this issue.”

“It’s my pleasure to support this important initiative for baby bonds and to lookout for future generations with an understanding of the wealth disparity that has long haunted the Black community,” **said Reva Foster, Chair of the New Jersey Black Issues Convention.** “With this initiative, future generations will have a leg up and be able to secure a home, continue higher education, or start a business. All of this will help not only the recipients but there community will inspire others to do the same.”

“For working families across our state who live paycheck to paycheck, a baby bond will give their children an opportunity to break the cycle of income inequality,” **said First Lady Tammy Murphy.** “And, it will send every child in New Jersey the clear message that we believe in them, and they should believe in themselves too. This is our chance to make sure that every child on the brink of adulthood has both a dream and the start of a plan to pursue that dream.”

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