
A BILL FOR AN ACT

RELATING TO BABY BONDS.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The legislature finds that intergenerational
2 poverty undermines social and economic wellness. According to
3 the 2009 paper, "Childhood and Intergenerational Poverty: The
4 Long-Term Consequences of Growing up Poor", "individuals who
5 grow up in poor families are much more likely to be poor in
6 early adulthood. Moreover, the chances of being poor in early
7 adulthood increase sharply as the time spent living in poverty
8 during childhood increases."

9 The legislature further finds that Hawaii's high cost of
10 living makes overcoming intergenerational poverty difficult for
11 working families. According to the National Low Income Housing
12 Coalition's 2024 Out of Reach study, a minimum wage employee in
13 Hawaii must work almost one hundred hours per week to afford a
14 one-bedroom rental home at fair market rent. The study also
15 found that a worker must earn \$44.60 per hour to afford a
16 two-bedroom rental unit without being cost burdened. The
17 Massachusetts Institute of Technology's living wage calculator



1 estimates that in Hawaii, a livable wage for a single working
2 adult with no children is \$27.33 per hour, while a livable wage
3 for a single working adult with one child is \$51.83 per hour.

4 The legislature additionally finds that long-standing
5 systemic inequality and its continued effect on government
6 policy has deeply impacted the well-being of children in
7 communities of color, including Native Hawaiians and other
8 Pacific Islanders, African Americans, Hispanics, American
9 Indians, Alaska Natives, Asian Americans, immigrant households,
10 and children living in the United States territories. Impacts
11 on these households were further exacerbated by the coronavirus
12 disease 2019 pandemic and its economic fallout.

13 The legislature also finds that in 2021, Connecticut became
14 the first state to pass an initiative that invests directly in
15 children born into poverty, known as baby bonds. The program
16 sets aside funds for each baby born in Connecticut whose birth
17 is covered by medicaid. The funds are held, managed, and
18 invested by the Connecticut Office of the Treasurer and when
19 participating children reach adulthood, they will be eligible to
20 claim the funds, which can be used to purchase a home, pay for
21 higher education or job training, start a business, or save for



1 retirement. Connecticut's baby bonds program is designed to
2 narrow the wealth gap and spur long-term economic growth for
3 Connecticut's families and economy.

4 The legislature therefore believes that establishing a
5 similar baby bonds initiative in Hawaii could help alleviate
6 intergenerational poverty and wealth inequality in the State.

7 Accordingly, the purpose of this Act is to establish a
8 working group to develop a plan for the creation of a baby bonds
9 program in the State.

10 SECTION 2. (a) There is established a wealth building
11 working group within the department of human services for
12 administrative purposes.

13 (b) The working group shall:

14 (1) Develop recommendations for a baby bonds program that
15 reduces intergenerational poverty and wealth
16 inequality in the State;

17 (2) Suggest eligibility criteria for a baby bonds program
18 operated by the State;

19 (3) Coordinate with other stakeholders, agencies, and
20 programs within and outside the State that are working



- 1 to implement baby bonds programs or reduce
2 intergenerational poverty;
- 3 (4) Perform an analysis of the Connecticut baby bonds
4 program and other asset-building programs, such as the
5 individual development account program authorized
6 under chapter 257, Hawaii Revised Statutes, and
7 Hawaii's college savings program, the HI529 Plan, to
8 determine what aspects of the program may be
9 beneficial to incorporate into a baby bonds initiative
10 in the State; and
- 11 (5) Estimate the costs of creating a baby bonds program
12 facilitated by the State.
- 13 (c) The working group shall consist of the following
14 individuals:
- 15 (1) The director of human services, or the director's
16 designee, who shall serve as chairperson of the
17 working group;
- 18 (2) The director of finance, or the director's designee;
- 19 (3) The executive director of the Hawaii state commission
20 on the status of women, or the executive director's
21 designee;



- 1 (4) One member of the senate, to be appointed by the
2 senate president;
- 3 (5) One member of the house of representatives, to be
4 appointed by the speaker of the house of
5 representatives;
- 6 (6) One representative from a nonprofit, public interest
7 organization that specializes in advocacy for
8 children, as selected by the chairperson;
- 9 (7) One representative from a nonprofit, public interest
10 organization that advocates on behalf of low-income
11 individuals and families in Hawaii on issues of
12 statewide importance, as selected by the chairperson;
13 and
- 14 (8) Other interested parties with experience in economic
15 health, child welfare, or finance that the chairperson
16 deems relevant to the purposes of the working group,
17 as invited by the chairperson.
- 18 (d) The members of the working group shall serve without
19 compensation but shall be reimbursed for expenses, including
20 travel expenses, incurred in the performance of their duties.



1 (e) The working group shall submit a report of its
2 findings and recommendations, including any proposed
3 legislation, to the legislature no later than twenty days prior
4 to the convening of the regular session of 2026.

5 (f) The working group shall cease to exist on July 1,
6 2026.

7 SECTION 3. This Act shall take effect on July 1, 3000.



Report Title:

Baby Bonds; Wealth Building Working Group; Baby Bonds Program

Description:

Establishes the Wealth Building Working Group to develop a plan for the creation of a baby bonds program for the State to address intergenerational poverty and wealth inequality in Hawaii. Effective 7/1/3000. (HD1)

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