

# United States Senate

WASHINGTON, DC 20510

January 13, 2021

The Honorable Joseph Biden, Jr.  
President-Elect  
Office of the President-Elect  
1401 Constitution Avenue, NW  
Washington, D.C. 20230

The Honorable Kamala Harris  
Vice President-Elect  
Office of the Vice President-Elect  
1401 Constitution Avenue, NW  
Washington, D.C. 20230

Dear President-Elect Biden and Vice President-Elect Harris,

As your Administration and Congress consider emergency relief legislation, we urge you to “go big,” with a bold vision for racial and economic justice. The *American Opportunity Accounts Act*, or “Baby Bonds,” which would create a federally-funded savings account for every American child, represents a once-in-a-generation opportunity to close the racial wealth gap and unleash economic opportunity for every American. By investing in Baby Bonds, along with critical income support measures like rental assistance, SNAP, and the child tax credit, we can ensure that struggling families not only weather this economic crisis, but also have the resources to bounce back from future ones as well. On the heels of historic Democratic victories in Georgia just last week, now is the time to act to ensure people can not only survive, but thrive.

The COVID-19 pandemic and ensuing “K-shaped” recovery has only further exposed vast economic inequities along racial lines. Today, the median white family has eight dollars in wealth for every one dollar held by Black families, and the members of the *Forbes 400* wealthiest Americans hold more wealth than all Black families in the U.S. combined. To be clear, these disparities are the result of intentional policymaking. For decades, federal, state, and local policy has stripped wealth and opportunity from Black and Brown people, and our tax code is overwhelmingly skewed to reward the already-affluent. We have an opportunity to build a just economic recovery that addresses the economic injustices of the past and present and moves us towards an economic future that leaves no family behind.

The *American Opportunity Accounts Act* would represent perhaps the most ambitious ever federal effort to directly combat wealth inequality. As a birthright, every child would be given an “American Opportunity Account” seeded with \$1,000. Every year thereafter, children would receive between a \$0 and \$2,000 deposit, depending on family income, with funds sitting in a low-risk account managed by the Treasury Department. Beginning at age 18, account holders would be able to access and utilize the funds for wealth-building activities including homeownership, higher and continuing education, and entrepreneurship—the kind of investments that change life trajectories and break generational cycles of poverty.

The impact would be transformative: at a cost of approximately \$60 billion annually, less than 10 percent of what we currently spend to subsidize wealth-building through the tax code, we can give every American a stake in our economy and agency over their future. We can also begin to

address persistent inequities: recent studies by Columbia University<sup>1</sup> and Morningstar<sup>2</sup> have found that Baby Bonds would substantially close the racial wealth gap.

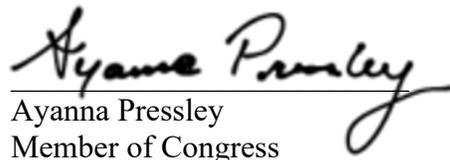
When it comes to racial justice, we cannot afford to wait. As we emerge from this dark period of our nation's history, Baby Bonds is exactly the type of universal, race conscious program necessary to build our economy back better.

Sincerely,



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Cory A. Booker  
United States Senator



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Ayanna Pressley  
Member of Congress

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<sup>1</sup>Naomi Zwede, “Universal Baby Bonds Reduce Black- White Wealth Inequality, Progressively Raise Net Worth of all Young Adults”, Columbia University, Center on Poverty and Social Policy, 2018, <https://static1.squarespace.com/static/5743308460b5e922a25a6dc7/t/5c4339f67ba7fc4a9add58f9/1547909624486/Zwede-Baby-Bonds-WP-10-30-18.pdf>

<sup>2</sup> Lia Mitchell and Aron Szapiro, “Baby Bonds: Income-Based Program Designs Show Promise for Closing the Racial Wealth Gap”, Morningstar, September 2020, [https://www.morningstar.com/content/dam/marketing/shared/pdfs/Research/wp\\_Policy\\_Baby\\_Bonds\\_final.pdf?utm\\_source=eloqua&utm\\_medium=email&utm\\_campaign=&utm\\_content=25079](https://www.morningstar.com/content/dam/marketing/shared/pdfs/Research/wp_Policy_Baby_Bonds_final.pdf?utm_source=eloqua&utm_medium=email&utm_campaign=&utm_content=25079)