CHILDREN'S HealthWatch

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12/24/2025

Joint Committee on Financial Services

The Honorable Paul Feeney, Chair
State House, Room 112
Boston, MA 02133

The Honorable James Murphy, Chair
State House, Room 254
Boston, MA 02133

RE: Testimony on bills heard by the Committee hearing on October 30, 2025:

Chair Murphy, Chair Feeney, and distinguished members of the Joint Committee on Financial Services:

Thank you for the opportunity to submit testimony on behalf of Children's HealthWatch in support of several bills that advance wealth and asset building opportunities for Massachusetts families, both of which shape child and family health outcomes.

Children's HealthWatch seeks to achieve health equity for young children and their families by advancing research to transform policy. We accomplish this mission by interviewing caregivers of young children on the frontlines of pediatric care in urban emergency departments and primary care clinics in four cities: Boston, Minneapolis, Little Rock, and Philadelphia. Headquartered at Boston Medical Center, since 1998, we have interviewed over 80,000 caregivers and analyzed data from those interviews to determine the impact of public policies on the health and development of young children and their families' well-being.

We write in **strong support** of the following bills heard by the Committee on October 30, 2025:

- An Act establishing a Massachusetts Baby Bonds Program (H.48), filed by the Office of the State Treasurer
- An Act to promote economic mobility through matched savings (H.1158/S.737), filed by Representative Fluker-Reid and Senator Eldridge

Policy Drivers of Income and Wealth in the United States

Decades of research has established poverty as the single largest Social Determinant of Health, or a factor that shapes health outcomes.[1–3] Due to critical windows of human development, poverty is particularly consequential if experienced in childhood.[1,4,5] Experiencing poverty in childhood negatively impacts health across the lifespan, increasing risks of infant mortality, impaired cognitive and socioemotional development, chronic disease, and reduced academic readiness – all affecting children's long-term health, educational attainment, and future economic stability.[5] The longer a person experiences poverty, the higher their risk of negative health outcomes later in life.[6]

Poverty is a prevalent and persistent issue in the United States, affecting 1 in 10 children. In 2024, 13.4% of children in the United States lived in poverty, similar to the 13.7% of children that lived in poverty in 2023.[7,8] This number has been consistent since the federal government began collecting data on poverty in the 1960s.[9,10]

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While child poverty has remained steady for more than six decades, 2021 is an outlier: the rate dropped dramatically to 5.2% that year.[11] This significantly lower rate has been attributed to the temporarily expanded federal Child Tax Credit (CTC), which increased eligibility, amount, and frequency of benefit payments. An enormous breadth of research has shown that the expanded CTC reduced child poverty, food insecurity, and housing instability, improved parental mental health, and increased the amount of time parents were able to spend with their children.[12,13] Despite this impact, Congressional leaders allowed the changes to expire at the end of 2021, ending the expanded version of the program. In 2022, child poverty more than doubled, from 5.2% to 12.4%, returning to the rate of previous years.[14] Poverty is not naturally occurring, but rather the result of policy choices which have created inequitable access to opportunity, and force families to make impossible choices between basic needs like rent, food, health care.[9,10]

Poverty is deeply rooted in structural racism. Throughout US history, government policies have intentionally disadvantaged communities of color, including more than a century of disinvestment and practices such as "redlining". The practice of redlining began in 1933, when the federal government sanctioned mortgage lending maps that labeled neighborhoods with large communities of color as "undesirable" places to live and "hazardous investment areas". For decades, this standard, legalized discrimination denied families of color access to homeownership – the primary driver of intergenerational wealth in the U.S..[15,16]

Redlining not only made mortgages and homeownership less accessible for people of color and specifically Black Americans, but also impacted neighborhood infrastructure.[17,18] Although redlining was outlawed in the Fair Housing Act of 1968, its consequences persist. Historically redlined neighborhoods continue to face chronic disinvestment, discriminatory zoning, and limited access to homeownership, capital, and political power.[16,19,20] Additionally, because public schools are largely funded by local property tax, these same communities often have inadequate resources to serve students , limiting educational attainment and access to higher-wage employment and career opportunities.

As a result of these structural barriers, many families are restricted to jobs that pay inadequate wages with unpredictable hours and limited or no benefits. Combined with rising costs of living, their income may not be sufficient to cover essential needs', perpetuating cycles of poverty and wealth exclusion..[16]

Income and Wealth Inequity in Massachusetts

Income and wealth are often used interchangeably, but they refer to two distinct concepts that contribute to a family's overall economic security.[21] **Income** refers to the amount of money a family brings in from a job or payments from social safety net programs, and is calculated on a monthly or annual basis. **Wealth** is the value of a family's assets (such as a home, bank account, or investments) minus any debts (including a home mortgage, loan, medical or credit card debt). Wealth can be passed down across generations, and is accumulated over a lifetime, not simply a month or year.[21] Both income and wealth are driven by policies at the state and federal level.

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Since the 1970s, incomes have flattened for all but people at the top of the income distribution, and the federal minimum wage has not increased in more than 15 years.[22,23] In Massachusetts, one person would have to work 101 hours a week in a $15/hour minimum wage job to afford a 1-bedroom market rate apartment.[24] Oftentimes, families with low incomes are forced to make impossible choices about which essential needs to cut in order to pay for other pressing needs, like utility bills, rent, or prescription medication costs.[25–27] When families have to make these trade-offs, many find themselves unable to meet their basic needs, which further contributes to poor physical and mental health outcomes, and inability to save for the future.

Persistent disparities in income and wealth exist in the United States and in Massachusetts specifically. Massachusetts has one of the highest income inequality ratios in the United States. In 2025, the income inequality ratio is 5.5, meaning that households within the highest 80th percentile of household income is 5.5 times greater than the lowest 20th percentile of household income in the state. The ratio within Suffolk County alone is even higher at 7.6. Nationally, this ratio is 4.9.[29] While this inequality affects all Massachusetts residents, it does not impact us all equally. A widely publicized 2015 report by the Federal Reserve Bank of Boston found among families in the Greater Boston area, the average white family held close to $250,000 in assets, while the average Black family held just $8.[30]

To wholly improve the overall health of our communities, we need to advance policies that address the root causes of poverty and economic distress while investing in and strengthening solutions that can advance wealth building opportunities. Interventions that advance equity, economic relief, and wealth building in early life are particularly powerful tools to remediate poverty's harmful health impacts.[4,31–34]

H.48: An Act establishing a Massachusetts Baby Bonds Program

Baby Bonds are an asset-building policy tool designed to advance equity and increase wealth.[35] Shortly after a child is born, public funds are invested on behalf of the child, which they can access once they reach adulthood to use for predetermined purchases, often related to education or homeownership. Targeted public investment differentiates Baby Bonds from other wealth building tools: in seeding an investment account for children with the fewest resources, governments can offer a wealth building tool to residents that have been most harmed by structural racism and discriminatory policies.[34–38] As Baby Bonds are a fairly new policy intervention, it is too early to determine the relationship between program participation and future educational or economic outcomes. However, initial results indicate Baby Bonds programs may help reduce the wealth gap between Black and white households and Latino and white households.[38]

This bill, filed by the Office of the State Treasurer, would establish a Baby Bonds program in Massachusetts, providing a seed capital investment for every child born into a family enrolled in TAFDC or under state custody in the first year of life. Between the ages of 18 and 35, participants would be able to access the funds for costs associated with education, homeownership, or starting a business—all pathways to gain skills, build assets and wealth, or start a career. Estimates from MassBudget indicate

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Baby Bonds accounts could yield between $10,897 and $25,427 after 18 years, depending on the initial state investment amount, to be determined by the State Treasurer.[37] By intentionally targeting children in families with the lowest incomes in Massachusetts, this program will purposively address structural inequities to economic stability and mobility.

In a society shaped by structural racism and inequitable access to opportunities for economic mobility, Baby Bonds are a targeted, promising approach to advance equity and wealth-building opportunities for the least-resourced Massachusetts residents. Support for Baby Bonds programs is building nationwide. Among our neighbors, Connecticut has fully funded and implemented a Baby Bonds program, Vermont is piloting a program, and both Rhode Island and New York have proposed legislation. Massachusetts shouldn't fall behind in addressing wealth inequity.

H.1158/S.737: An Act to promote economic mobility through matched savings

Matched Savings accounts are another asset-building policy tool. These programs help low-to-moderate-income families build wealth by matching their savings with public contributions, typically from state and local governments, or philanthropic partners.

Bills H.1158 and S.737, filed by Representative Fluker-Reid and Senator Eldridge, would establish a statewide matched savings program with a 4:1 match structure. Upon enrolling in the program, participants can begin to contribute their savings into an account over time, capping at $4,000. For example, if a family saves just $25 monthly, this program would generate $1,500 in annual asset accumulation.[39] Participants can use this money to pay for a range of costs that are often out of reach, from housing security deposits to vehicle repairs to debt reduction. This recognizes that economic mobility requires addressing multiple, interconnected needs.

Establishing Matched Savings accounts acknowledges what our research consistently shows: addressing poverty requires more than participation in safety net programs alone.[40] By enabling families to build assets for education, housing, transportation, and emergency needs, we're investing in the comprehensive supports that actually move the needle on child health and family stability.

Matched Savings are being recognized as an effective tool to help families build assets and create pathways to long-term economic stability. For example, recently passed federal 530A accounts acknowledge the value of early, supported savings. These programs amplify the impact of modest savings to ensure that children and families with fewer resources are not left behind in building a financial foundation for the future.

We respectfully request you give both bills a favorable report out of Committee.

Sincerely,

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