STATE OF NEW YORK

7415

2025-2026 Regular Sessions

IN ASSEMBLY

March 25, 2025

Introduced by M. of A. ANDERSON -- read once and referred to the Committee on Children and Families

AN ACT to establish a "baby bond" pilot program for foster youth; and making an appropriation therefor

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

Section 1. 1. (a) There is hereby created a pilot program to be under the New York city Administration for Children's Services to provide funds through bonds ("baby bonds") to support foster care youths of low-income households with statistically low likelihood of adoption (age 8-18) and limited familial support living outside of the custody of a familial relative.

(b) For the purposes of this act, "baby bond" shall mean an annuity investment fund deposited in a lump-sum and/or in monthly installments to accrue wealth during a period of time. Such annuity shall not be distributed as it appreciates and shall continue to receive deposits until it reaches maturity.

2. (a) The participants in such program shall be selected by the administration for children's services from among foster care youths in the city of New York as follows:

(i) 500 children shall be selected from ages 8 to 11, for whom the initial deposit shall be $1,000.

(ii) 500 children shall be selected from ages 12 to 14, for whom the initial deposit shall be $5,000.

(iii) 500 teenagers shall be selected from ages 14 to 17, for whom the initial deposit shall be $10,000.

(b) $100 per month shall be deposited into each such account until the age of 25.

3. The administration for children's services shall hire a not-for-profit organization to execute this pilot program which shall:

EXPLANATION--Matter in *italics* (underscored) is new; matter in brackets [-] is old law to be omitted.

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(a) provide financial counseling for the program participants, including quarterly financial education trainings;

(b) provide updates on the amount in each participant's annuity to facilitate long-term planning; and

(c) steward the baby bond fund, which shall be invested in the same manner as the funds of the New York city employees' retirement system.

4. Upon reaching age 25 participants shall be allowed to access the annuity for the following qualified uses:

(a) transfer to a business account to support business development;

(b) down payment for the purchase of such participant's primary residence or build equity in such participant's existing residence; and

(c) payment towards student loans or the cost of education.

5. If such funds are not drawn upon for qualified expenses by the age of 40, such funds shall be converted into an individual retirement account using its existing investment composition for distribution at retirement. If a participant is adopted at any point during the pilot program, such participant shall no longer receive monthly deposits, unless such participant maintains their participation in the study voluntarily and in full.

6. The costs of such program, subject to appropriation, shall be as follows:

(a) $8,000,000 for initial deposits in the accounts of the 1,500 participants.

(b) $1,800,000 annually in monthly $100 deposits into the participants' accounts.

(c) $750,000 annually for the not-for-profit organization to conduct their financial management and counseling services while collecting data for annual reports.

7. The administration for children's services shall prepare an annual report to monitor progress on the overall wellbeing of program participants, which shall be published on such administration's website. Such report shall include such participants' academic attendance, grade point average, disciplinary records, and overall mental health.

§ 2. The sum of ten million five hundred thousand dollars ($10,500,000), or so much thereof as may be necessary, is hereby appropriated to the New York city administration for children's services out of any moneys in the state treasury in the general fund not otherwise appropriated, for its expenses in carrying out the provisions of this act. Such moneys shall be payable on the audit and warrant of the comptroller on vouchers certified or approved by the commissioner of the administration for children's services in the manner prescribed by law.

§ 3. The program shall seek an additional $2.5 million appropriation every year until the completion of the program 20 years after the effective date of this act.

§ 4. This act shall take effect immediately.