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Contact: [Ryan Carey](#) (202) 224-4515

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Wyden Hearing Statement on Child Savings Accounts and Economic Opportunity for Kids

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The Finance Committee has a long, bipartisan tradition of working together on issues related to helping people save. This morning's hearing, with a focus on child savings accounts and other savings programs for kids, is another opportunity for the committee to bring fresh ideas forward.

There are a few key issues underpinning this discussion. First, wealth inequality is still a big challenge. The gap between working people and those at the top narrowed a bit when Congress passed major economic rescue programs during the pandemic. But most of those programs have expired.

Data from the Federal Reserve show that the wealth gap is getting worse for young people who are paying more than ever for rent and education.

Second, among young people in America, optimism is getting harder to come by. A recent USA Today-Harris survey found that two-thirds of Gen-Z and three quarters of millennials believe they're worse off than their parents were at a young age. They've got reason to feel that way.

A study by an expert group called the Equality of Opportunity Project looked at how generations of Americans have fared economically relative to those that came before them. Their research found that in the middle of the last century, 90 percent of Americans out-earned their parents. These days it's more like 50 percent -- a coin flip.

People often say that getting an education is the surest way to guarantee your future. But the reality is, young people today are better educated than ever before, and they're still finding it harder and harder to get ahead. For those who aren't born into wealth, being a young person in America today can feel like you're stuck underwater. Congress must do more to change that.

There's big interest in using the tax code to help restore opportunity for kids and young people. So this morning's hearing kicks off our debate on the best ways to help people build their savings and get ahead.

Child savings accounts are a proposal with enormous promise. We're lucky to have a lot of champions for young people on this committee, none bigger than Senator Casey, whose 401kids bill is really the gold standard when it comes to child savings account proposals.

The idea behind them is, on day one a newborn child automatically gets an account with some seed money that grows over time. Later on, with enough contributions, they're able to use it in a way that will help them live out their own American Dream, whether it's getting an education, buying a home, starting a business.

These accounts are not some kind of radical, new idea. There are more than 100 of these programs running in cities and states around the country.

This morning the committee will hear about one such program in the state of Maine. And these accounts are not all that different from programs that already exist in federal law, including 529s and Coverdells.

In my view, this ought to be the kind of idea that's able to bring Democrats and Republicans together. This committee has proven that helping Americans save is a bipartisan priority. There's been a lot of progress, but the numbers show that there's a lot more work to be done making sure that lower-income families benefit too.

Child savings accounts can accomplish that in a few key ways. First by opening accounts automatically, which breaks down a barrier that keeps too many Americans out of the financial system today. And second, by starting them with seed money. All the evidence from existing programs shows that that money not only unlocks opportunity for kids, it's a smart investment that goes right back into our economy down the road.

So there's a lot for the committee to discuss today. I'm looking forward to working more with Senator Casey and the entire committee on this issue. If you're looking out for kids in America and you've got Senator Casey on your side, you're running with the right crowd.

I want to thank our witnesses for joining us today, and I look forward to Q&A.

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