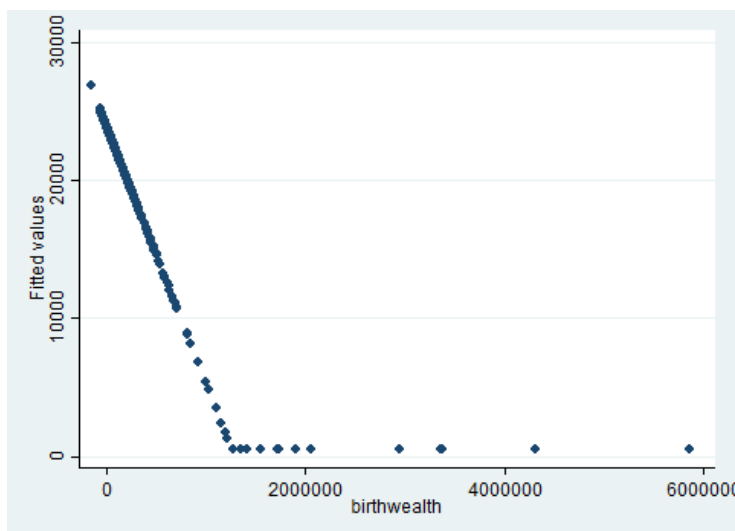Universal Baby Bonds Reduce Black- White Wealth Inequality, Progressively Raise Net Worth of All Young Adults

Supplementary Materials

A1: Alternate Design of Bond Allocation

The figure below depicts an alternate design of the allocation of baby bond values. The same total sum of baby bond dollars can be distributed amongst households in a number of ways. One such allocation design was demonstrated in the text, with baby bond dollars allocated inversely with respect to household wealth as a function of the inverse hyperbolic sine of household wealth. That design was selected because of its progressivity. In the alternate design depicted below, bond values are also allocated inversely with respect to household wealth but as a linear function of wealth. To generate these estimates, I regressed the discrete categorical value of bonds as described in the main text but with the dependent variable representing the raw measure of household wealth at birth, without transforming wealth with the inverse hyperbolic sine function. Similarly to the IHS design, this alternative linear design also allocates somewhat greater bond amounts to the lower-asset households. Bond values here decrease as household wealth increases (Figure A1). However, it does not target the bond dollars as stringently toward the least well-off households. Figure A1 shows a less drastic decrease in bond dollars as wealth increases relative to Figure 2 in the main text. I do not use this alternative specification for the study analyses.

Figure A1: Alternative linear specification of fitted bond values, that does not decrease as steeply with rising incomes. Non-preferred specification.

A2: Estimates and Standard Errors of Impacts of Baby Bonds on Median Wealth of Young Adult Households by Race and by Categories of Wealth Holdings

The table below presents the estimates depicted in Figures 3 and 4 in the main text, additionally displaying Standard Errors of estimates generated by applying the population weights to data on young adults in the 2015 Panel Study of Income Dynamics.

Table A1: Racial Disparities and the Distribution of Wealth among Young Adults Households

	Reported 2015		With Baby Bonds	
	Median Net Worth	SE	Median Net Worth	SE
All Young Adults	$29,000	$6,600	$74,597	$4,042
By Race				
White	$46,000	$7,750	$79,143	$4,777
Black	$2,900	$1,250	$57,845	$4,475
Ratio	15.9	--	1.4	--
Percentiles of the Wealth Distribution				
25th	$0	$251	$30,908	$1,363
50th	$29,000	$6,600	$74,597	$4,042
75th	$206,200	$26,250	$230,732	$25,231
90th	$567,000	$84,800	$587,904	$81,625

Note: This table reports median net worth by race and bet worth at percentiles of the wealth distribution reported for young adults, between the ages of 18 and 25 years, in the 2015 Panel Study of Income Dynamics. The right column presents net worth with the present value of a progressively administered universal baby bond program. Numbers correspond to Figures 3 and 4 in main text.