



# DOAA

Georgia Department  
of Audits & Accounts

**Greg S. Griffin**  
State Auditor

January 27, 2025

Honorable Sam Park  
State Representative  
609 Coverdell Legislative Office Bldg.  
Atlanta, Georgia 30334

SUBJECT: Fiscal Note  
House Bill (LC 62 0033)  
House Resolution (LC 62 0030)

Dear Representative Park:

This bill (LC 62 0033) would create the Georgia Baby Bond Savings Plan, which would make savings trust accounts available for Georgia residents under 18 years of age and provide a minimum initial contribution from the state of \$250 for each account. Any beneficiary whose family is receiving benefits from a federal assistance program, including Medicaid, Temporary Assistance for Needy Families (TANF), and the Supplemental Nutrition Assistance Program (SNAP), is eligible for an initial contribution of \$500. Qualified expenses could include education (both higher education institutions and technical institutions), ownership of a home, investments in financial assets or personal capital, or other allowable activities deemed appropriate by the plan's board of directors. The resolution (LC 62 0030) proposes a vote on an amendment to the Georgia Constitution that would authorize the Baby Bond Savings Plan Trust Fund.

As shown in **Table 1**, data from the Office of the State Treasurer (OST) indicates that the bill would cost approximately \$453 million in the first two years, then decline to approximately \$43.5 million in the third year. Administrative costs would be covered by fees charged on the deposits into the trust accounts. Projected costs of the bill used the data and assumptions are below the table.

**Table 1. Number and Cost of Savings Trust Accounts**

	FY 2026	FY2027	FY2028
<b>Number of Accounts<sup>1</sup></b>			
\$250 Deposit Accounts	998,800	998,800	66,000
\$500 Deposit Accounts	<u>407,000</u>	<u>407,000</u>	<u>54,000</u>
<b>Total Accounts</b>	<b>1,405,800</b>	<b>1,405,800</b>	<b>120,000</b>
<b>Cost of Deposits</b>			
Newborn Deposits	\$43,500,000	\$43,500,000	\$43,500,000
Child (<18) Deposits	<u>\$409,700,000</u>	<u>\$409,700,000</u>	<u>\$0</u>
<b>Total</b>	<b>\$453,200,000</b>	<b>\$453,200,000</b>	<b>\$43,500,000</b>
1. This assumes that every child eligible for an individual savings trust account will successfully apply. The number of children "aging out" of the program from the first year may be replaced by the number of children in families relocating to Georgia and obtaining residency in the second year.			

- Approximately 120,000 babies are born in the state of Georgia annually. There are an estimated 2.57 million children under 18 years of age living in Georgia. This indicates that there will be approximately 2.7 million individual savings trust accounts made available to Georgia residents in the first year. We assume that 50% of the existing child population will receive an account in year one and 50% in year two.
- Approximately 54,000 newborn babies (45% of all Georgia births) and 706,000 children (27% of all Georgia children) would be eligible for the \$500 initial investment based on the receipt of federal assistance. These estimates are based on the percentage of births in Georgia paid by Medicaid, and the number of children that participate in SNAP annually in the state of Georgia.

**Table 2** shows the projected cost of administering the plan in the first three years. If contribution amounts are as shown in **Table 1**, the expected fees would cover all administrative costs. If there are fewer accounts and contributions are significantly lower, the first-year administrative costs that are fixed (i.e., those other than plan manager fees) may require state funds.

**Table 2. Administrative Costs**

	<b>FY 2026</b>	<b>FY2027</b>	<b>FY2028</b>
Personnel Costs	\$684,454	\$684,454	\$684,454
Operating Costs	\$365,000	\$365,000	\$365,000
Consultant Fees	\$550,000	\$300,000	\$300,000
Audit Fees	\$150,000	\$100,000	\$100,000
Insurance	\$559,000	\$559,000	\$559,000
Marketing Contractor	\$1,400,000	\$1,400,000	\$1,400,000
IT Infrastructure	\$750,000	\$500,000	\$75,000
Plan Manager Fees	<u>\$10,543,500</u>	<u>\$21,087,000</u>	<u>\$21,987,000</u>
<b>Total</b>	<b>\$15,001,954</b>	<b>\$24,995,454</b>	<b>\$25,470,454</b>
1. Insurance includes Fiduciary Liability, Crime and Cyber. 2. Marketing contractor estimate is based on the current marketing budget for the Path2College 529 Plan.			

Most estimates are based on the current administrative expenses for the Path2College 529 Plan, which OST manages, with special consideration to the difference in size and scope between the two plans. Personnel costs include salaries and fringe benefits for five new positions (program manager, analysts, and specialists) that this program would require. Some administrative costs, like consultant fees, audit fees, and IT infrastructure, include start-up costs in FY 2026 and are expected to decrease in FY 2027 and FY 2028 to reflect the decrease in scope of work. Because the state auditor would be a member of the board of directors for this plan, OST would not be able to use the Department of Audits' services to satisfy auditing requirements and would outsource to a contracted auditing organization instead. Additionally, the plan manager would receive an annual flat fee of \$7.50 for each account managed, steadily increasing over time as accounts are added to the plan.

There are additional factors that would impact the cost of implementing this bill but are unknown at this time. These are described below.

- Due to the novelty and scope of the proposed Georgia Baby Bond Savings Plan, the estimates OST provided may not encompass all expenses needed to create and fully administer this plan.
- The estimate assumes all children opt for a plan. To the extent that parents do not enroll, costs would be lower.

- The financial obligation would increase or decrease with changes in birth rates, as well as any increase in families relocating and becoming Georgia residents.

Respectfully,

A handwritten signature in blue ink, appearing to read "Greg S. Griffin".

Greg S. Griffin  
State Auditor

A handwritten signature in black ink, appearing to read "R. Dunn".

Richard Dunn, Director  
Office of Planning and Budget

GSG/RD/pj