



DOAA

Georgia Department
of Audits & Accounts

Greg S. Griffin
State Auditor

March 10, 2026

Honorable Chuck Hufstetler
Chairman, Senate Finance
121-C State Capitol
Atlanta, Georgia 30334

SUBJECT: Fiscal Note
Senate Bill 534 (LC 59 0330)

Dear Chairman Hufstetler:

This bill would create the Georgia Baby Bond Savings Plan, which would make savings trust accounts available for Georgia residents born on or after July 1, 2023, and provide a minimum initial contribution from the state of \$1,000. A beneficiary whose family is receiving benefits from a federal assistance program, such as Medicaid, Temporary Assistance for Needy Families (TANF), and the Supplemental Nutrition Assistance Program (SNAP), is eligible for an initial contribution of \$2,000. Beneficiaries will receive an annual recurring contribution of \$250 or \$1,000 if their family receives federal assistance. Account funds can only be used for qualified expenses, such as education, ownership of a home, investments in financial assets or personal capital, or other allowable activities deemed appropriate by the plan’s board of directors.

Data from the Office of the State Treasurer (OST) and other sources indicates that contributions would be approximately \$703.2 million in the first year of implementation, then drop to \$460.7 million in year two (see Table 1). The annual amount would increase in subsequent years as babies are born and recurring payments are made. State contributions would grow through FY 2041 when accountholders begin to turn 18 and no longer qualify for contributions. Assuming the same birth rates and migration patterns, the number of accounts would be approximately 2.2 million. If similar portions of children qualify for the high vs. low deposits, contributions would be almost \$1.4 billion.

Table 1. Number and Cost of Savings Trust Accounts

	FY 2027	FY 2028	FY 2029	FY 2041
Number of Accounts				
New \$1,000 Deposit Accounts	266,746	66,686	66,686	66,686
New \$2,000 Deposit Accounts	218,246	54,562	54,562	54,562
Low Recurring Deposit Accounts	0	266,746	333,432	1.1 million
High Recurring Deposit Accounts	<u>0</u>	<u>218,246</u>	<u>272,808</u>	<u>929,000</u>
Total Accounts to be Funded¹	484,992	606,240	727,488	2.2 million
Cost of Deposits (in millions)				
Newborn Deposits	\$696.0	\$174.0	\$174.0	\$174.0
Net In-state Migration Deposits	\$7.2	\$1.8	\$1.8	\$1.8
Recurring Deposits	<u>\$0</u>	<u>\$284.9</u>	<u>\$356.2</u>	<u>\$1,211.0</u>
Total	\$703.2	\$460.7	\$532.0	\$1,386.8

1. This assumes that every child eligible for an individual savings trust account will successfully apply.

A child qualifying for the lower deposit amounts would receive \$5,250 over 18 years, while a child receiving the higher deposits would receive \$19,000.

Details of the data and assumptions used in the cost estimate are below.

- Approximately 120,000 babies are born in the state of Georgia annually, and there would be an estimated 480,000 children born on or after July 1, 2023, living in Georgia by the end of FY 2027.
- Approximately 54,000 newborn babies (45% of all Georgia births) would be eligible for the \$2,000 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 Medicaid/CHIP annually.
- The estimate assumes that the Georgia birth rate and the number of children aging out of this plan are consistent.
- U.S. Census Bureau data shows that net in-state migration to Georgia averaged 1.04% between 2020 and 2025. We assumed the same rate for those born after July 1, 2023, who would qualify for new accounts.
- Annual cost would be different if there are changes in birth rates, the portion of children in families on public assistance, or to net migration to 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

	FY 2027	FY 2028	FY 2029
Personnel Costs ¹	\$2,108,812	\$668,812	\$668,812
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 ²	\$559,000	\$559,000	\$559,000
Marketing Contractor ³	\$1,700,000	\$1,700,000	\$1,700,000
IT Infrastructure	\$1,500,000	\$500,000	\$500,000
Postage Fees	\$377,507	\$468,000	\$561,600
Plan Manager Fees	<u>\$2,461,334</u>	<u>\$4,073,933</u>	<u>\$5,935,847</u>
Total	\$9,771,653	\$8,734,745	\$10,690,259

1. Personnel costs include both temporary and full-time personnel for FY 2026 and FY 2027, but OST reported that only full-time personnel were needed for FY 2028.

2. Insurance includes Fiduciary Liability, Crime and Cyber.

3. 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 four new positions (program manager, analyst, and specialists) that this program would require. Some administrative costs, like consultant fees, audit fees, and IT infrastructure, include start-up costs in FY 2027 and are expected to decrease in FY 2028 and FY 2029 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 Department of Audits and Accounts services to satisfy auditing requirements and would outsource to a contracted auditing organization instead. Additionally, the plan manager costs are based on a fee of 0.35% of total deposits.

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, as the bill requires automatic enrollment for those born in Georgia. To the extent that parents opt not to enroll, costs would be lower.

Respectfully,



Greg S. Griffin
State Auditor



Richard Dunn, Director
Office of Planning and Budget

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