



STATE OF CONNECTICUT
TREASURER SHAWN T. WOODEN

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CONTACT: Office of the Treasurer, Michelle.Woods-Matthews@ct.gov

**SENATOR BLUMENTHAL AND TREASURER WOODEN
HOST ROUNDTABLE DISCUSSION ON HOW FEDERAL AND STATE,
“BABY BONDS” LEGISLATION WILL HELP CLOSE THE WEALTH GAP
AND GENERATE ECONOMIC GROWTH**

CT “BABY BONDS” IS ONE STEP CLOSER TO BEING PASSED IN THE GENERAL ASSEMBLY

New Haven, CT – Today, April 23, 2021, Connecticut State Treasurer Shawn T. Wooden and U.S. Senator Richard Blumenthal were joined by Mayor Justin Elicker, and local advocates in a roundtable discussion on how legislation introduced at the state and federal levels to create “Baby Bonds,” would help narrow wealth disparities and generate economic growth that will help break the cycle of poverty and benefit Connecticut’s economy in the long-term.

“By affording children with access to opportunities they may not have had otherwise due to lack of generational wealth, these solutions-driven Baby Bonds proposals on both the state and federal levels would give families the chance to break the cycle of poverty,” said Treasurer Shawn Wooden. “By establishing a savings account for every child born on Husky, CT Baby Bonds can help address generational poverty by closing the wealth gap, which impacts families in every town across Connecticut irrespective of race or zip code.”

Treasurer Wooden’s bill, H.B. 6659 An Act Concerning the Establishment of the Connecticut Baby Bonds Trust, was voted out of the Appropriations Committee on Wednesday, with support from elected officials from across CT, and will be available to be voted on by the General Assembly in the weeks ahead. This proposal directly addresses long-standing wealth disparities by creating a savings account in which \$5,000 is allocated for every baby whose birth is covered by HUSKY in Connecticut, which would be invested over a period of 18 years. After a beneficiary reaches the age of 18, the funds can be used for the following purposes: for educational purposes, to contribute towards retirement savings, to invest in a business in CT, or to purchase a home in CT.

“I am proud to support the efforts underway to address income inequality through the issuance of Baby Bonds,” said Senator Richard Blumenthal. “If we are going to reduce our nation’s wealth gap, we must start at birth providing future generations with the solid financial footing to achieve their educational, business, or homeownership goals. I look forward to fighting for this groundbreaking

proposal at the federal level and am pleased to see Treasurer Wooden undertaking similar efforts in Connecticut.”

The CT Baby Bonds proposal was inspired by the American Opportunity Accounts Act – the federal bill cosponsored by U.S. Senator Blumenthal, that was introduced by U.S. Senator Cory Booker (D-N.J.) and Congresswoman Ayanna Pressley (D-Mass.) in 2017, and reintroduced this year. The federal legislation will create and seed a national savings account of \$1,000 at birth for children born into poverty, with additional deposits of up to \$2,000 each year, depending on household income. The funds will sit in an interest-bearing account, which can be accessed by account holders at age 18 for allowable uses like buying a home, paying for educational expenses, or starting a business.

“It is urgent that we dismantle systemic racism, and breaking down the economic disparities between white and Black residents is central to doing so,” said New Haven Mayor Justin Elicker. “Individuals and families being able to build intergenerational wealth is a key component of long-term economic stability and social mobility. Studies have shown a dramatic disparity in wealth between families based on race, and one of the most efficient way to close this wealth gap is to give every young person born into poverty the ability to enter adulthood with an endowment that would lead them to future economic security. Addressing these enormous challenges is an uphill battle and takes thoughtful, concerted efforts and smart policy that gets to the root of the problem. In this legislation, Treasurer Wooden has done just that.”

A 2019 report from Columbia University analyzed the federal proposal to create a Baby Bonds program and found that it would nearly eliminate the racial wealth gap for young adults altogether. Additionally, a 2019 study done by McKinsey shows that a failure to close the racial wealth gap would cost the U.S. economy between \$1 and \$1.5 trillion, or 4-6% of the GDP in the next decade. In other words, by reducing the racial wealth gap, we will spur economic growth that will benefit communities throughout America, including Connecticut.

“Economic justice requires intentional actions to close the racial wealth gap, which is why the state and federal Baby Bonds proposals are so important,” said Emily Byrne, Executive Director of Voices for Children. “They are both need-based, centered in equity, and therefore have the potential to provide incredible opportunity for and transform the lives of children born into poverty. I commend Senator Blumenthal and Treasurer Wooden for advancing economic justice through their support of these groundbreaking legislative proposals.”

"Baby Bonds would help close the racial wealth gap by giving people more freedom to invest in activities that lead to good jobs with benefits, ones that allow them to secure and build wealth for the next generation, " said Dr. Melissa Mason, Executive Director of New Haven Works.

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