



STATE OF CONNECTICUT
TREASURER SHAWN T. WOODEN

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STATEMENT FROM STATE TREASURER SHAWN T. WOODEN ON PASSAGE OF HISTORIC STATE BUDGET

CT BIENNIAL BUDGET INCLUDES CT BABY BONDS PROGRAM CHAMPIONED BY TREASURER WOODEN

Hartford, CT – Today, Connecticut State Treasurer Shawn T. Wooden celebrates Connecticut making history by passing CT Baby Bonds, a first-of-its-kind program that directly addresses the racial wealth gap while simultaneously investing in the state’s long-term economic growth. Connecticut is now a national leader in addressing generational poverty and advancing racial equity. This bold, forward thinking, results-driven program will now be sent to Governor Lamont’s desk to be signed into law.

This program will create a trust for the benefit of children born into poverty. A child will become eligible for CT Baby Bonds if their birth was covered by CT Husky A—the State’s Medicaid program which insures pregnant women. When a beneficiary reaches the age of 18 and completes a financial education requirement, the funds can be used for targeted eligible purposes including: educational expenses, to purchase a home in Connecticut, to invest in a business in Connecticut, or to contribute towards retirement savings. CT Baby Bonds is an anti-generational poverty and racial equity program that will directly address long-standing wealth disparities in Connecticut, while also generating long-term economic growth.

“Today, Connecticut made history with the passage of CT Baby Bonds. We’re the first state in the nation to pass such legislation that directly addresses long-standing economic inequities head-on,” said Treasurer Shawn Wooden. “The passage of CT Baby Bonds in the Senate and the House of Representatives comes at a critical juncture in our state’s history: While Connecticut has the highest annual income per capita in the country, it also has one of the highest rates of income inequality in the nation and economic disparities, including the wealth gap have been widening over the past decade. Furthermore, as a result of the COVID-19 pandemic, economic disparities have been exacerbated, disproportionately impacting communities of color. Members of the General Assembly made it clear that Connecticut is ready to lead by improving racial equity and helping families in every town throughout the state break the cycle of poverty. I want to thank Senate President Looney, Speaker Ritter, the Black and Puerto Rican Caucus, other members of the Senate and House Leadership and

advocates for their tenacity and steadfast commitment to prioritizing and addressing economic inequities across Connecticut.”

Connecticut Voices for Children released a report in January of 2020 that examined the state’s income and wealth inequality. They found that the state’s racial income gap is the greatest it’s been since the 1980s and the racial wealth disparities are even worse. Additionally, the organization released a report in April of 2021 that found, following the pandemic, more than 50% of CT households with children reported a decrease in income since the pandemic began.

The CT Baby Bonds Trust is funded through the State’s fiscal year 2022-2023 bond package approved by the state Senate this evening. Once the bond package is signed into law by Governor Lamont, Connecticut will lead the nation by making the CT Baby Bonds program the first-of-its-kind. CT Baby Bonds is a trust funded through State General Obligation bonds, with \$50 million per year authorized in this bond package for the next 12 years.

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. Further, a 2019 McKinsey study showed that the racial wealth gap inhibits economic growth in the short and long-term. Specifically, the study revealed that failure to close the racial wealth gap will cost our economy between \$1 and \$1.5 trillion or 4-6% of the GDP over the next decade.

“Not addressing inequities has consequences that will only hurt our economy, along with hardworking families and their communities,” said Treasurer Wooden. “We need to start now in rebuilding an economy that is more prosperous for everyone. Now that CT Baby Bonds is one step away from becoming law, this is a game changer that will afford children born into poverty with a greater opportunity to experience the American dream.”

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About State Treasurer Shawn T. Wooden

Shawn T. Wooden is the only African American elected state treasurer in the United States and the only African American currently serving in as a statewide elected office in New England. He is also the Senior Vice President of the bi-partisan National Association of State Treasurers. Under his leadership, the Office of the Treasurer is dedicated to safeguarding the state’s financial resources and taxpayers’ dollars, while maximizing returns and minimizing risks in managing a \$42 billion pension system. He has been a leader in the financial services industry for diversity, equity, and inclusion. Last year, in partnership with the Ford Foundation, he launched the Corporate Call to Action Working Group (CCA). The CCA is a coalition of 18 prominent CEOs representing more than \$21 Trillion assets under management, established to advance racial and economic security and opportunity both within and outside of their companies.

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