



STATE OF CONNECTICUT
TREASURER SHAWN T. WOODEN

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CT BABY BONDS SIGNED INTO LAW; TREASURER SHAWN T. WOODEN CHAMPIONS MODEL EQUITY LEGISLATION FOR THE NATION

***CT BABY BONDS CREATES A TRUST FOR CHILDREN BORN INTO POVERTY
DESIGNED TO BREAK GENERATIONAL POVERTY AND NARROW THE WEALTH GAP***

Hartford, CT - Today, CT Baby Bonds, a groundbreaking, anti-generational poverty, racial equity, and economic growth program, championed by Connecticut State Treasurer Shawn T. Wooden, was signed into law. This legislation, going into effect tomorrow, July 1st, is seen as model legislation for the nation in addressing long-standing wealth disparities.

“Connecticut is ground zero for wealth and income inequality. For us to be the first in the nation to tackle generational poverty and advance racial equity with the enactment of CT Baby Bonds is powerful and a testament to our values and our shared belief that everyone should have the opportunity to experience the American Dream,” said Treasurer Shawn Wooden. “I hope that the federal government and other states follow our lead. CT Baby Bonds can be a model to help narrow the racial wealth gap across the country. After the pandemic further exposed and exacerbated preexisting wealth and income gaps, especially among communities of color, Connecticut is making a long-term investment that will increase the likelihood of long-term systemic change that benefits families, communities and our economy.”

CT Baby Bonds, a first-of-its-kind program, is a long-term investment in the state’s economy that is designed to address economic disparities and narrow the wealth gap. The program will create a trust for the benefit of children whose birth is covered by HUSKY, Connecticut’s Medicaid program, which insures pregnant women. CT Baby Bonds will be managed and administered by the Office of the Treasurer. Participants covered by HUSKY represent individuals from every town across CT. While the majority of participants in HUSKY are white, there remains a disproportionate number of people of color enrolled, which is why this legislation will have a significant impact in helping to close the racial wealth gap. When a beneficiary is between the ages of 18 and 30 and completes a financial education requirement, the funds can be used for targeted eligible purposes that are consistent with research to help close the racial wealth gap including: educational expenses, to purchase a home in Connecticut, to invest in a business in Connecticut, or to contribute towards retirement savings.

“As a long-term investor, I naturally think in 10 to 20-year increments and, without question, CT Baby Bonds is an investment in Connecticut’s future,” said Treasurer Shawn Wooden. “The economic evidence is clear: we need to start now in rebuilding an inclusive economy that allows everyone, regardless of what zip code you happen to be born in, a fair chance to thrive. This legislation will not only afford children born into poverty with greater access to opportunities they may not have otherwise had due to lack of wealth, but it’s also a boost for our economy. Study after study shows

that failure to close the wealth gap inhibits economic growth in the short and long-term. CT Baby Bonds is a forward thinking economic policy that directly reinvests back into our economy.”

A 2019 study done by McKinsey shows that 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, directly constraining CT’s economy. While CT is home to the highest annual income per capita in the country, it also has one of the highest rates of income inequality, as well as stark racial wealth gap disparities. In the past year, the COVID-19 pandemic exacerbated these disparities, which disproportionately impacted communities of color. In April of 2021, CT Voices of Children released research that found that more than 50 percent of households with children in CT reported a decrease in income since the pandemic began, disproportionately impacting children of color.

Furthermore, while some of the first beneficiaries of the program who are born after July 1, 2021, won’t be eligible to receive the funds until the year 2039, research recently completed by Washington University in St. Louis found that states’ efforts to create savings accounts for newborns changed the behavior of account holders earlier than when they received the funds. The research indicates that beneficiaries experienced higher graduation rates, greater expectations about higher education, and improved efforts to save for the future early on in their lives.

"CT Baby Bonds is a first in the nation public policy that will benefit children born into poverty by narrowing the racial wealth gap while simultaneously growing the economy," said Treasurer Shawn Wooden. "The evidence is clear. We’ve read it, digested it, and taken action with CT Baby Bonds. It is time that the country joins Connecticut in tackling longstanding racial wealth inequities that prevent so many from living their dreams and actualizing their fullest potential."

This legislation was part of the legislative bond package and will be funded through State General Obligation bonds, with \$50 million per year authorized in this bond package for the next 12 years, totaling \$600 million.

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Under the leadership of Connecticut’s State Treasurer Shawn T. Wooden, the Office of the Treasurer is dedicated to safeguarding the state’s financial resources and taxpayers’ dollars, while maximizing returns and minimizing risks for pension beneficiaries and operating at the highest professional and ethical standards. Through investments and cash management, the office continues to enhance the state’s fiscal stability, financial literacy, college savings, and its approach to leveraging business partnerships to combat social issues such as gun violence, climate change, and equal opportunity for economic growth. Learn more about the Office of the Treasurer [here](#) and follow along on [Facebook](#), [InstalInsta](#) and [Twitter](#).