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STATE OF CONNECTICUT  
**TREASURER SHAWN T. WOODEN**

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**TREASURER WOODEN JOINS SEN. BOOKER,  
SEN. BLUMENTHAL, REP. DELAURO AND REP. LARSON  
TO CELEBRATE THE ENACTMENT OF CT BABY BONDS AND  
URGE CONGRESS TO PASS THE AMERICAN  
OPPORTUNITY ACCOUNTS ACT**

**CONNECTICUT IS LEADING THE WAY TO NARROW THE RACIAL WEALTH GAP**

**Washington, D.C.** – Today, Connecticut State Treasurer Shawn T. Wooden joined U.S. Senator Cory Booker (D-NJ), U.S. Senator Richard Blumenthal (D-CT), Representative Rosa DeLauro (CT-03), Representative John Larson (CT-01), and advocates from Prosperity Now, ACLU and ACLU of CT to celebrate the enactment of CT Baby Bonds and urge Congress to pass the American Opportunity Accounts Act. Treasurer Wooden proposed and championed CT Baby Bonds after being inspired by the American Opportunity Accounts Act, which was introduced by U.S. Senator Cory Booker (D-NJ) and Representative Ayanna Pressley (MA-07). CT Baby Bonds became the first-of-its-kind to be enacted in the nation on July 1, 2021, and is designed to narrow the racial wealth gap, combat generational poverty, and spur long-term economic growth.

“Connecticut is ground zero for wealth and income inequality and became the first in the nation to tackle generational poverty and advance racial equity with the enactment of CT Baby Bonds,” said Connecticut State Treasurer Shawn Wooden. “I want to thank U.S. Senator Cory Booker and Congresswoman Ayanna Pressley for introducing the American Opportunity Accounts Act, the federal Baby Bonds bill, which inspired me to propose this groundbreaking program in Connecticut. As a long-term investor, I naturally think in 10 to 20-year increments and, without question, Baby Bonds is an investment in Connecticut’s future and would also be an investment in our nation’s future. The pandemic has further exposed and exacerbated preexisting wealth and income gaps not only in Connecticut but in every state across our country, especially among communities of color. Now is the time for leaders across our country to take bold action by passing Baby Bonds at the federal level. Baby Bonds is one of the most effective way to narrow the racial wealth gap and would create long-term economic growth, which is why I urge Congress to pass Baby Bonds”.

CT Baby Bonds was enacted on July 1, 2021 and will create a trust for children born into poverty, whose births are covered by the State’s Medicaid program. In the year of their birth, funds will be set aside in a Trust. 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, supported by research, will help close the racial wealth gap. These purposes include: educational expenses, the purchase of a home in Connecticut, investing in a business in Connecticut, and contributing towards

retirement savings. This program will be funded through State-issued General Obligation bonds, with \$50 million per year authorized for 12 years beginning in 2021, totaling \$600 million.

“Since we first introduced Baby Bonds in 2019, support for this transformative policy has only grown among members of Congress, and states like Connecticut have led the way in implementing their version of the federal legislation,” said Sen. Booker. “As we emerge from this pandemic, we have a once in a lifetime opportunity to create a new normal by investing in our children and providing them with the financial opportunities they need to pursue their dreams. I urge my colleagues here in Congress, and leaders across the country, to join us in supporting Baby Bonds so that we can tackle the growing wealth gap, strengthen our country’s economy, and reverse the damage done by government policies that intentionally excluded Black Americans from building intergenerational wealth.”

The CT Baby Bonds program was inspired by the American Opportunity Accounts Act, the federal bill that was introduced by U.S. Senator Cory Booker and Congresswoman Ayanna Pressley in 2017 and reintroduced this year. Members from Connecticut’s Federal Delegation such as U.S. Senator Richard Blumenthal, Congresswoman Rosa DeLauro, Congressman John Larson, and Congressman Joe Courtney are co-sponsors of the American Opportunity Accounts Act, which would establish a national Baby Bonds program. The federal legislation would 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 would 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.

“The Baby Bonds program is an American birthright to opportunity and unique to the ideal of the American dream. With wealth and income gaps wider than ever before, Baby Bonds enable countless people to pursue higher education, buy a home, and advance themselves further than they may think is even possible. While Connecticut’s program has led the way, Congress must now pass the American Opportunity Accounts Act to invest in future generations and ensure economic, racial, and social justice. I’m proud to stand with Senator Booker, Treasurer Wooden, and Representatives DeLauro and Larson in pushing for this idea whose time has come,” said Senator Blumenthal.

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. Furthermore, 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.

"As an anti-poverty champion who fought tirelessly to expand and improve the Child Tax Credit through the passage of the American Rescue Plan and as a proud cosponsor of the American Opportunity Accounts Act which would establish a national baby bonds program, I am grateful to see State Treasurer Shawn Wooden champion CT Baby Bonds, the first program enacted in the nation," said Congresswoman Rosa DeLauro. "By investing directly in children born into poverty, Connecticut is not only helping break the cycle of poverty for generations to come but can be seen as a beacon of hope and a national leader in the fight to reduce the racial wealth gap."

In February of 2020, Brookings Institution published a report examining the growing racial wealth gap in America that demonstrated how the median net worth for white households has far exceeded that of Black households through recessions and booms over the last thirty years.

“I applaud Treasurer Wooden for his work in Connecticut to create Baby Bonds. The future children of Connecticut will start off life on more equal footing than any generation previously thanks to his work. The Connecticut Baby Bonds will finally do what we always say we should be doing: ‘investing in our future,’” said Rep. John B. Larson. “I am proud to be a co-sponsor of the American Opportunity Accounts Act, a federal bill ensuring access to Baby Bonds no matter where you live in the U.S. I thank Congresswoman Ayanna Pressley of Massachusetts and Senator Cory Booker of New Jersey for introducing this important legislation.”

While some of the first beneficiaries of the CT Baby Bonds program won’t be eligible to receive the funds until the year 2039, research completed in March by Washington University in St. Louis found that efforts to create savings accounts for newborns for higher education purposes had large positive impacts on both account holders’ financial outcomes and their behavior earlier than when they received the funds. This research reinforced the long-term benefits of Baby Bonds by showing how beneficiaries experienced higher graduation rates, had greater behavioral expectations about higher education, and had improved their ability to save for their future earlier on in their lives.

“Thanks to the leadership of Treasurer Wooden in proposing CT Baby Bonds, once my daughter turns 18, she will have the ability to access funds to use for ether higher education, investing in a business or putting a down payment on a home,” said Talisha Tirado, expecting mother whose pregnancy will qualify her child to be able to receive CT Baby Bonds. "This will change the trajectory of her life and give her opportunities to succeed that she would have never otherwise had."

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#### **About CT Baby Bonds:**

Connecticut is the only state in the nation to pass a Baby Bonds program. The program will create a trust for children born into poverty and covered by HUSKY—the State’s Medicaid program. In the year of their birth, funds will be set aside in a Trust. 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, supported by research, will help close the racial wealth gap. These purposes include: educational expenses, the purchase of a home in Connecticut, investing in a business in Connecticut, and contributing towards retirement savings. This program will be funded through State-issued General Obligation bonds, with \$50 million per year authorized for 12 years beginning in 2021, totaling \$600 million.

#### **About the Office of the State Treasurer**

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](#), [Instagram](#) and [Twitter](#)