



# Erick Russell

## CONNECTICUT STATE TREASURER

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### “CT BABY BONDS” HONORED AS INNOVATIVE FINANCING DEAL OF THE YEAR BY *THE BOND BUYER*

**HARTFORD, CT** – The financing solution funding Connecticut’s first-in-the-nation “CT Baby Bonds” program has been awarded *The Bond Buyer’s* Deal of the Year in the category of “Innovative Financing,” [the publication announced](#) on Wednesday. Connecticut is also eligible for the overall Deal of the Year Award, which will be presented in December.

*The Bond Buyer* is a national daily print and online news source, covering public finance and the municipal bond industry since 1891.

“CT Baby Bonds is an unprecedented investment in Connecticut children and their economic future. The landmark public finance transaction that funded the program is representative of our state’s commitment to combatting systemic poverty and creating economic opportunity,” said **Connecticut Treasurer Erick Russell**. “As the first state to pass and implement a baby bonds program, Connecticut stands at the forefront in developing government initiatives to promote social equity. Our state is inspiring others to pursue baby bonds programs of their own. As they do so, I encourage them to leverage the tools of public finance to ensure those programs are sustainable and cost-effective. I’m extremely proud of the creative and collaborative work that went into securing this funding and grateful for the recognition by *The Bond Buyer*.”

Eligibility for CT Baby Bonds began on July 1, 2023. Connecticut children born into poverty will have up to \$3,200 invested on their behalf. Over time, those investments will grow. Between the ages of 18-30, participants can file claims to use the full amount – estimated to be between \$11,000 – 24,000 – for specific purposes intended to help build generational wealth. Those include buying a home in Connecticut, starting or investing in a Connecticut business, paying for education or job training, or saving for retirement. Parents of eligible children do not need to take any action to enroll.

In its announcement, *The Bond Buyer* wrote: “The Innovative Financing winner is the state of Connecticut for its ‘CT Baby Bonds’ program, a measure to combat systemic poverty by investing directly in children at birth. After the originally planned \$600 million bond sale was shelved due to funding concerns, the state instead substituted an existing bond reserve fund with surety policy, providing multi-year funding assurance

for the program, fully funding the CT Baby Bonds Trust up front, while maintaining its commitment to existing bondholders.”

“The funding solution for CT Baby Bonds relied on many tools in the public finance toolbox: repurposing an existing bond reserve fund, providing multi-year funding assurance for the program, and maintaining bond covenant commitments to existing bondholders,” said **Connecticut Deputy Treasurer Sarah Sanders**. “Not only did it significantly lower the total cost of the program by immediately investing a large amount upfront to generate maximum returns, but it also offered stability to CT Baby Bonds participants by removing the need for ongoing bonding or legislative action.”

The Deal of the Year awards were established by *The Bond Buyer* to recognize outstanding achievements in municipal finance. This is the 22<sup>nd</sup> year that the publication has presented the awards.

According to *The Bond Buyer*, their editorial board considered a range of factors when judging nominations, including “creativity, the ability to pull a complex transaction together under challenging conditions, the ability to serve as a model for other financings, and the public purpose for which a deal's proceeds were used.”

*The Bond Buyer* will honor Connecticut and other awardees at a ceremony in New York City on December 5, 2023, where one of them will be selected as the national Deal of the Year.

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

The Office of the Treasurer is charged with safeguarding Connecticut’s financial resources through prudent cash management and debt management, with the State Treasurer serving as principal fiduciary for six state pension and nine state trust funds. Additionally, the Office enhances the state’s fiscal stability through programs promoting financial literacy and college savings, and it leverages business partnerships to support the advancement of Connecticut’s social and policy priorities, including combating gun violence and protecting our environment. The Office of the Treasurer is led by State Treasurer Erick Russell, the only Black elected state treasurer in the country. To learn more, visit [portal.ct.gov/ott](https://portal.ct.gov/ott).