

Testimony Supporting

HB 6659: An Act Concerning the Establishment of the Connecticut Baby Bond Trust

HB 6660: An Act Concerning a Study of Liens Placed on Personal Property for State Recovery of Financial Assistance

HB 6662: An Act Declaring Racism as a Public Health Crisis and Establishing the Commission on Racial Equity in Public Health

Committee on Appropriations

March 26, 2021

Dear Senator Osten, Representative Walker, Senator Hartley, Representative Dathan, Representative Nolan, Senator Miner, Representative France, and esteemed members of the Appropriations Committee:

My name is Sana Shah, and I am testifying today on behalf of Connecticut Voices for Children, a research-based child advocacy organization working to ensure that one day Connecticut is a thriving and equitable state where all children achieve their full potential.

Connecticut Voices for Children supports HB 6659: An Act Concerning the Establishment of the Connecticut Baby Bond Trust, HB 6660: An Act Concerning a Study of Liens Placed on Personal Property for State Recovery of Financial Assistance, and HB 6662: An Act Declaring Racism as a Public Health Crisis and Establishing the Commission on Racial Equity in Public Health.

First, Connecticut Voices for Children supports HB 6659: An Act Concerning the Establishment of the Connecticut Baby Bond Trust. Baby Bonds will provide opportunities for families of color in the state to expand their safety net and build generational wealth. Furthermore, increasing the amount of income and wealth available for households of color to spend will boost economic growth.

Structural racism has contributed to significant disparities in income and wealth along racial lines in the state, and this legislation is a key step in closing the wealth gap between white families and Black and Latinx families. Connecticut's rising income inequality and the racial income gap decrease the amount of income that the typical household, especially those of color, can turn into wealth each year, which in turn contributes to rising wealth inequality and the racial wealth gap. Moreover, Connecticut has historically denied communities of color access to wealth building through practices such as redlining, which further exacerbates the racial wealth gap.

Wealth inequality is even greater in Connecticut than the U.S. as a whole. In 2016, the most recent data available, the median household net worth in Connecticut was \$115,400; compared with \$92,110 for the U.S. as a whole.¹ At the same time, the percentage of households with a zero or negative net worth—meaning they have no financial cushion to weather a crisis—was 21.1 percent of Connecticut households, compared with 15.7 percent of households in the U.S. as a whole.² The combination of

¹ O'Brien, P. & Curtis, D. (2020, December). Advancing Economic Justice Through Tax Reform [PDF file]. *Connecticut Voices for Children*. Retrieved from <https://ctvoices.org/wp-content/uploads/2020/12/Advancing-Economic-Justice-Through-Tax-Reform-Just-Research.pdf>

² Ibid.

greater wealth for the median household and a higher zero net worth rate in Connecticut indicates that wealth inequality in the state is greater than in the U.S. as a whole.

As noted above, Black and Latinx residents are particularly affected by wealth inequality in Connecticut. As of 2016, the most recent data available, 34.6 percent of Black households and 51.4 percent of Latinx households in Connecticut had a zero or negative net worth. In contrast, only 10.3 percent of white households in Connecticut had a zero or negative net worth.³

This legislation would help address these disparities by providing every Connecticut resident enrolled in HUSKY with a trust of \$5,000 at birth. Assuming a 6.9 percent rate of return, the recipient would receive a total of \$16,618 at 18 years of age. Research suggests that baby bonds are an effective way to provide children born into poverty the ability to enter adulthood with the financial resources necessary to achieve long-term economic security.⁴

Closing Connecticut's vast racial wealth gap and providing all low-income children greater economic security is crucial for all children to achieve their full potential. Connecticut Voices for Children urges the Appropriations Committee to pass HB 6659: An Act Concerning the Establishment of the Connecticut Baby Bond Trust.

Connecticut Voices for Children also supports HB 6660: An Act Concerning a Study of Liens Placed on Personal Property for State Recovery of Financial Assistance. Connecticut's system of placing liens on the homes of former public assistance recipients, often referred to as a "poverty tax," contributes to the inequities faced by people of color and low-income families. Ending this practice is the just and moral thing to do.

Only Connecticut and New York State place liens on property for cash assistance programs, including Temporary Assistance for Needy Families (TANF), State-Administered General Assistance (SAGA), and the State Supplement to the Aged, Blind, or Disabled (SS).⁵ These cash assistance programs provide a lifeline for individuals and families to meet their basic needs.

But Connecticut does not treat these programs like a supplement for low-income families. Instead, cash assistance is treated as a loan, requiring individuals to repay if they sell or refinance their home or receive a legal settlement or inheritance.

This practice is antiquated at best; immoral at worst. In the last 40 years, more than 30 states have repealed similar laws.⁶ Opponents of this bill will argue the revenue from liens is necessary to balance the state's budget. But relying on Connecticut's most marginalized residents for revenue is unjust and regressive. Further, collecting liens does not provide substantial revenue for the state. Data from the past

³ Ibid.

⁴ Zewde, N. (2018, November). Universal Baby Bonds Reduce Black-White Wealth Inequality, Progressively Raise Net Worth of all Young Adults [PDF file]. Retrieved from <https://static1.squarespace.com/static/5743308460b5e922a25a6dc7/t/5c4339f67ba7fc4a9add58f9/1547909624486/Zewde-Baby-Bonds-WP-10-30-18.pdf>

⁵ Proto, J. (2020, Feb. 20). State Liens on Real Property of Public Assistance Recipients [PDF file]. Office of Legislative Research. Retrieved from <https://www.cga.ct.gov/2020/rpt/pdf/2020-R-0051.pdf>

⁶ Latina, J. (2021, Jan. 27). State lawmakers looking to repeal CT's 'poverty tax,' calling it a 'dream crusher.' WTNH News 8. Retrieved from <https://www.wtnh.com/news/connecticut/democratic-state-lawmakers-pushing-to-repeal-cts-poverty-tax/>

five years found 1,300 state welfare liens placed on homes, with the average lien totaling \$14,000.⁷ Repealing the bill would cost the state \$18.3 million annually,⁸ only one-tenth of a percent of the state's yearly revenue.

Generating revenue on the backs of low-income families treats poverty as a personal failing, rather than a reflection of structural inequities that harm our state's most marginalized. Ending the practice of placing liens on real estate and unanticipated income helps families living in poverty build the wealth they need to reach self-sufficiency and to create opportunities for upward mobility for their children. We applaud HB 6660's proposed study as an important step toward ending this practice. In addition, we suggest further expanding the language in this bill to consider the impacts of benefits cliffs in Connecticut in this study, another practice that can create heavy burden and unjust debts for hard-working families.

Benefits cliffs refer to situations where an increase in family income leads to an abrupt and burdensome change in the amount of money a family must contribute to pay for necessities received through public benefit programs, or in the discontinuation of a family being able to access a public benefit program altogether. In some instances, the value of the public benefit is greater than the family's increased income, in which cases parents may make the hard choice not to advance in their careers to protect access to necessary supports.

Amidst a public health crisis and economic recession, Connecticut's families face a great deal of uncertainty. Families with access to affordable insurance are more likely to seek treatment for their health problems.⁹ Families with access to affordable child care are more likely to stay in the workforce and to work full-time.¹⁰ And cash in the pockets of low-income families, such as that provided by stimulus checks and Earned Income Tax Credits, allows parents to make purchases their families need but that they put off when they need to live paycheck to paycheck.¹¹ Taking action now to smooth benefits cliffs will help families meet their needs now and in years to come as the minimum wage increases and new cliffs are created.

We recently published a report¹² modeling the impact of numerous benefits cliffs in Connecticut, including SNAP, HUSKY Health, the Housing Choice Voucher Program and Project-Based Section 8, and Care 4 Kids. These represent only a subset of Connecticut's array of public benefits, and there are other programs, such as the Housing Rental Assistance Program and Connecticut's Energy Assistance Program, that policymakers should also examine for potential cliff effects.

⁷ Ibid.

⁸ Geballe, J. (2020, Mar. 5). Submitted Testimony of Commissioner Josh Geballe [PDF file]. Department of Administrative Services.

⁹ Baicker, K., Taubman, S. L., Allen, H. L., Bernstein, M., Gruber, J. H., Newhouse, J. P., ... & Finkelstein, A. N. (2013). The Oregon experiment—effects of Medicaid on clinical outcomes. *New England Journal of Medicine*, 368(18), 1713-1722.

¹⁰ Wynn, M. (2021, Jan. 29). Child care problems skyrocketed under COVID. Women paid the price. *USA Today Investigations*. Retrieved from <https://www.usatoday.com/story/news/investigations/2021/01/29/coronavirus-childcare-burden-fell-womens-shoulders/4279673001/>

¹¹ Chetty, R., Friedman, J. N., & Stepner, M. (2021, Feb. 8). Who Spent their Last Stimulus Checks? *The New York Times*. Retrieved from <https://www.nytimes.com/interactive/2021/02/08/opinion/stimulus-checks-economy.html>

¹² Willner, J., Casau, A., & Ruth, L. (2021, February 22). Impact of Connecticut's Minimum Wage Increase on Access to Benefits for Working Families. *Connecticut Voices for Children*. Retrieved from <https://ctvoices.org/publication/impact-of-connecticuts-minimum-wage-increase-on-access-to-benefits-for-working-families-3/>

In our report, we detail ten policy recommendations to help mitigate impending benefit cliffs. These recommendations include:

- Aligning the eligibility levels of Connecticut’s various public benefit programs across programs, increasing asset limits, adding a transition year, and ensuring that all programs have gradual, sloped phase-outs rather than stepped phase-outs.
- Create earned income disregards, similar to Vermont and New Hampshire, that allow families to keep more of their earned income for a period of time following their income increase prior to when their benefits begin tapering off.
- Restoring HUSKY A eligibility for parents back to 201 percent of the Federal Poverty Level.
- Allow families 12 months of continuous HUSKY enrollment regardless of any income changes they incur.
- Invest in Connecticut’s workforce through creating universal access to affordable, high-quality child care.
 - Two immediate steps toward this vision are through increasing the eligibility limit for first-time applicants up from its current limit of 50 percent of the State Median Income (around \$60,300 in pre-taxable income for a family of four) and capping family child care co-payments at seven percent of household income to match the federal recommendations.
 - An additional step toward this vision is to expand access to Care 4 Kids to parents working to advance their careers through looking for new work while unemployed, participating in job training programs, or participating in educational pathways.
- Raising the gross income limits for SNAP to 200 percent of the Federal Poverty Level.
- Raise the state Earned Income Tax Credit to at least 30 percent of the Federal Government.
- Create a Connecticut Child Tax Credit of at least 15 percent of the federal Child Tax Credit amount that is fully refundable with no phase-in.

Finally, Connecticut Voices for Children supports HB 6662: An Act Declaring Racism as a Public Health Crisis and Establishing the Commission on Racial Equity in Public Health. We support this declaration as a critical pathway to interrogate the ways that racism degrades the health and well-being of Connecticut residents throughout various aspects of its systems. Connecticut’s most vulnerable communities, particularly low-income families and people of color, are more likely to be exposed to adverse social determinants of health—such as food insecurity, limited access to transportation and employment, housing instability, and the rotating door of Connecticut’s criminal justice and child welfare systems—which make managing their chronic health conditions and gaining access to preventive care difficult.¹³ Educational gaps and disproportionate school disciplinary practices impact childrens’ eventual earnings potential and inflict trauma on students, damaging health from childhood through adulthood.¹⁴ For these reasons, and more, we support legislative efforts to declare racism a public health crisis. To include pathways for meaningful, outcome-based changes, we recommend the following amendments:

- **Clear definition of the problem** with definitions of terms, including, but not limited to, racism, systemic and institutional racism, public health crisis, and social determinants of health.

¹³ Connecticut Voices for Children. (2020, July). *Issue Briefing Book 2020-2022*. <https://ctvoices.org/wp-content/uploads/2020/08/Issue-Briefing-Book-2020-Final.pdf>

¹⁴ Davila, K., Abraham, M., & Seaberry, C. (2020). *Towards Health Equity in Connecticut: The Role of Social Inequality and the Impact of COVID-19*. New Haven: Data Haven. Retrieved from: <https://www.ctdatahaven.org/sites/ctdatahaven/files/DataHaven%20Health%20Equity%20Connecticut%20061820.pdf>

- **Mandated state and municipal data collection** that is standardized, accessible, and disaggregated by race, ethnicity, gender, socio-economic status, and age. This data should include continued release of tax incidence reports every two years. Tax burden disproportionately falls on low-income families and Black and Latinx families in Connecticut, making it increasingly difficult for families to afford basic necessities critical to health and well-being.
- **Inclusion of equitable distribution of COVID-19 relief funds.** Black and Latinx residents have been disproportionately affected by the pandemic, and HB 6662 should acknowledge this through an equitable distribution of relief funds.
- **Clear articulation of the Commission on Racial Equity in Public Health’s purpose and membership.** The Commission should be tasked with the data collection and should be transparent and public in its actions. Those most impacted by the crisis should make up the majority membership of the Commission, including individuals from cities and towns across the state, leaders of community based civil rights and racial justice organizations, and impacted communities and young people.

In summary, Connecticut Voices for Children supports HB 6659: An Act Concerning the Establishment of the Connecticut Baby Bond Trust, HB 6660: An Act Concerning a Study of Liens Placed on Personal Property for State Recovery of Financial Assistance, and HB 6662: An Act Declaring Racism as a Public Health Crisis and Establishing the Commission on Racial Equity in Public Health. All three bills would advance equity for marginalized communities in Connecticut.

Thank you,

Sana Shah
Chief of Staff
Connecticut Voices for Children