

# Finance, Revenue and Bonding Committee

## JOINT FAVORABLE REPORT

**Bill No.:** Senate Bill 384

AN ACT IMPLEMENTING THE TREASURER'S RECOMMENDATIONS

**Title:** CONCERNING THE CONNECTICUT BABY BOND TRUST PROGRAM.

**Vote Date:** 4/6/2022

**Vote Action:** Joint Favorable

**PH Date:** 3/15/2022

**File No.:** 615

***Disclaimer:** The following JOINT FAVORABLE Report is prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and does not represent the intent of the General Assembly or either chamber thereof for any purpose.*

### SPONSORS OF BILL:

Finance, Revenue and Bonding Committee

Co-Sponsors:

Rep. Bobby G. Gibson, 15th Dist.

Rep. Anthony L. Nolan, 39th Dist.

### REASONS FOR BILL:

This bill amends the Connecticut Baby Bond Trust Program, which was enacted under the Fiscal Year (FY) 22-23 Bond Act as an effort to combat child poverty and close generational wealth gaps.

Principally, the bill:

- eliminates the requirement that the state treasurer establish an accounting for each designated beneficiary and makes conforming changes;
- increases, from \$50 million to \$100 million, the amount of bonds authorized for the program in FY 23 and eliminates the \$50 million authorization for FY 34;
- authorizes the program's implementation expenses to be added to the capped amount of bonds authorized for each year of the program; and
- makes various technical and conforming changes and corrections.

### RESPONSE FROM ADMINISTRATION/AGENCY:

[Sarah Healy Eagan, Child Advocate, State of Connecticut](#) testified, "we must ensure that we are simultaneously investing in our children and families, directly addressing childhood poverty as well as bringing to scale initiatives to provide health care, home visiting, early childhood

education and support services. Investments in our children will reap dividends for families and communities."

[Shawn Wooden, Treasurer, State of Connecticut](#) supported the bill by stating, "Beginning July 1, 2021, every baby whose birth is covered by HUSKY, the state's Medicaid program, is allocated up to \$3,200 in the Connecticut Baby Bond Trust, which will be invested and managed by my Office. Once that child turns 18 years old and has completed a financial education course, they become eligible to claim their share of the trust until the age of 30. The funds can only be used to pay for higher education, invest in a Connecticut business, put towards purchasing a home in Connecticut, or to save for retirement.

Connecticut, considered "ground zero" for wealth and income inequality, has also become a national leader in addressing generational poverty in an innovative way. Since the bill became effective last year, my Office has been working diligently to build the program and develop partnerships to begin outreach to impacted communities. As we continue this work, we have identified several changes that would help my Office effectively implement the program. The bill before you makes those changes to the enabling statute and bond authorizations."

#### **NATURE AND SOURCES OF SUPPORT:**

[Rosa DeLauro, Congresswoman, United States House of Representatives](#) testified, "this bill makes technical and clarifying changes to this first in the nation, innovative program aimed at closing wealth gaps, ending generational poverty, and investing in our economy. The bill also moves forward the last year of bonding authorization so that all children in the program have a full 18 years of investment opportunity....If we are going to narrow the wealth gap, we must start by investing in children, who through no fault of their own, were born into poverty.... Child poverty costs the United States more than \$1 trillion every year and the Connecticut Baby Bond Trust will strengthen the future of our children and state. With at least 97,000 children in Connecticut currently living in poverty, the Connecticut Baby Bonds will help to stem the scourge of child poverty for the nearly 16,000 babies born each year in each of 169 cities and towns. These children are those least likely to be able to save for their future, and the Connecticut Baby Bond Trust Program is a beacon of hope and a national model in the fight to reduce the racial wealth gap."

[Caroline Simmons, Mayor, City of Stamford](#) testified, "Connecticut is home to residents with the highest annual income per capita but also has one of the highest rates of income inequality in the nation. Cities in Fairfield County struggle with these economic disparities, which disproportionately impact communities of color. As Mayor of Stamford, one of my main goals is to create a more inclusive and equitable city for residents. The Connecticut Baby Bonds program will foster a more inclusive economy by supporting nearly 16,000 babies a year. This includes more than 40% of all Connecticut births and babies in all 169 of the state's municipalities. The program will also help to close the racial wealth gap by investing directly in children born into poverty and it will help individuals build wealth by using the funds for targeted purposes, such as homeownership, education, entrepreneurship, and contributing toward retirement savings."

[Ellen Cupo, Alder, Ward 8, Board of Alders, City of New Haven](#) testified, "as an alder and a union leader, I have seen the ways that racism and inequality are entrenched in New Haven and devastate our communities and families. Every year, our city's leadership works to provide

the city services that would be transformative for our constituents, while also having no choice but to give a \$150 million tax break to Yale University and Yale New Haven Hospital. This situation has become unsustainable, especially for our youth, who are looking for opportunities and struggling to find them. This bill, which would allocate funds to children born on HUSKY, is exactly the kind of policy our state needs as we struggle to recover from the economic impacts of the pandemic. It gives youth an opportunity at the exact moment they need it most. I know firsthand that opportunities like this one can be life changing. Like many people in my city, I was hired into a good union job at Yale through New Haven Works, a program that my union and community organizations fought to implement. Many people who come to Yale through this program go from working minimum wage jobs with no healthcare to having a union standard which guarantees them good wages and benefits. When people are given opportunities, it's not just individual lives that are changed, but entire communities.

[Charles Decker, Alder, Ward 9, Board of Alders, City of New Haven](#) testified, "today, as we continue to grapple with the long tail of a pandemic that has disproportionately targeted Black and Latinx people, we need to do everything in our power to ensure that history does not repeat itself. We know that the pandemic has increased the unemployment gap between white and black individuals. This is why Baby Bonds are vital over the long term. This unemployment gap is doubly challenging given that black households had far less wealth going into the current crisis. In fact, the Brookings Institute reports that "in the second quarter of 2020, white households—who account for 60 percent of the U.S. population—held 84 percent (\$94 trillion) of total household wealth in the U.S. Comparatively, Black households—who account for 13.4 percent of the U.S. population—held just 4 percent (\$4.6 trillion) of total household wealth." Without wealth to weather hard times black households are at greater risk of losing everything when they lose access to income with a loss of employment. Even just restoring wealth to black households much less addressing the current wealth gap will require bold policies like Baby Bonds.

[Bruce Adams, President and CEO, Credit Union League of Connecticut](#) testified, "while this bill may seem to make only technical and clarifying changes to the underlying legislation that was first passed by this legislature in 2021—and the first in the nation—it is worthy of your attention and your support. Baby Bonds legislation represents an innovative yet commonsense approach to closing intergenerational wealth gaps and helping Connecticut residents to break free from the poverty trap. Connecticut's Credit unions reaffirm our strong commitment to this legislation and are proud to support a program that will both address a pressing and overlooked social concern while achieving revenue neutrality over time."

[Patrick Charmel, President and CEO, Griffin Health Services](#) testified, "part of Griffin Health's mission is to provide leadership to improve the health of the community we serve. As such, addressing the social factors that influence health is as essential as the acute care services provided within the hospital's four walls. The generational wealth gap in our community and other communities across the state is a significant factor that negatively impacts health. Connecticut's Baby Bond Trust Program is an innovative model to help individuals break the generational wealth gap cycle by helping those least likely to be able to save for future goals. The Connecticut Baby Bond Trust would support nearly 16,000 babies a year whose births are covered by Connecticut's Medicaid program. The investment through this program will advance and empower individuals through homeownership, education, entrepreneurship, and contributing towards their retirement savings. Ultimately this is investment in the state's future. A 2019 McKinsey study showed that failure to close the racial wealth gap will cost our national

economy between \$1 trillion and \$1.5 trillion or 4-6% of the GDP over the next decade. Failing to close the racial wealth gap in Connecticut and break the cycle of generational poverty will have a comparable impact on our communities."

[Grieve Chelwa, Economist and Director of Research, The Institute on Race, Power and Political Economy at the New School](#) testified, "the U.S. has an inequitable and unjust distribution of wealth particularly with respect to race and ethnicity. According to the most recent data from the Federal Reserve, at the median, the typical Black and Latinx household has 10 and 12 cents respectively in wealth for every dollar owned by the typical White household. Other wealth surveys looking at much more localized data, a case which might be true in Connecticut, have found racial wealth gaps that are much bigger than the national median. The data has not come in yet, but we expect that the covid pandemic and the recession that ensued has widened the racial wealth gap in our nation.

Our enormous and persistent racial wealth gap is an implicit measure of our racist past rooted in a history in which White Americans have been privileged by government political and economic interventions that have afforded them access to resources and iterative and intergenerational accumulation. However, much of the framing of the racial wealth gap argues that it is due to the poor choices and decision-making on the part of, largely, Black, Latinx and Indigenous people. This framing is wrong as has been demonstrated by carefully conducted studies. The intergenerational racial wealth gap is structurally created and has virtually nothing to do with individual or racialized choices or behavior. Instead, wealth transfers within families position some young adults with capital to purchase wealth-generating assets. Whether a young adult has access to this seed money is not based on individual action or inaction but rather on the economic position in which an individual is born, which is driven by the structures of our society, especially structural racism. Young adults from households without wealth or with very limited wealth, who are disproportionately Black, Latinx and Indigenous do not receive capital from their families. And without initial seed capital to begin their adult lives, these young adults are starting far behind their White counterparts in building wealth over their lifetimes.

This is what makes Baby Bonds a great policy initiative. Baby Bonds is a seed capital that, in perpetuity, establishes an economic birthright to capital. Baby Bonds are specifically intended to meaningfully close the racial wealth gap by providing the most public resources to children whose households have the lowest amount of wealth. Baby Bonds is an economically and racially just approach, since it targets wealth, a domain and outcome in which Whites and Blacks and other people of color have very little overlap."

[Paul Dworkin, MD, Pediatrician and Executive VP for Community Child Health – Connecticut Children's Medical Center](#), testified, "at Connecticut Children's, over half of our patients rely on the State's Medicaid program. As such, we appreciate the state's approach of focusing investment on babies whose births are covered by Medicaid. This targeted approach will support nearly 16,000 babies each year and will help address the racial wealth gap and the cycle of poverty."

[Kathleen Flaherty, Executive Director, Connecticut Legal Rights Project, Inc.](#) testified, "recovery from the pandemic has not been equal, just as the impact of the pandemic was unequal. This state will do better when all of its residents, not just some, have the opportunity to thrive when they have sufficient resources to meet their needs. Senate Bill 384 provides a strategy to help reduce wealth inequality and start to address the racial wealth gap."

[Annie Harper PhD, Yale School of Medicine, Department of Psychiatry](#) testified, "I am enormously proud to live in one of the first states to implement a Baby Bonds program and am so grateful for your support of the original Connecticut Baby Bonds bill in 2021. My research and that of many others exploring the connections between poverty and health, show that while having a low income negatively affects health, having low wealth is even more significant, which impacts children above all.

When families are bringing children into the world, if they have assets, it can cushion the effects of lower income and/or increased expenses related to lost employment, unpaid family leave, and additional household costs for a new child, such as childcare, health care and insurance, clothes, food, and furniture. Families without assets face serious financial strain, creating stress that can have a profound impact on their growing children, affecting their mental and physical health long into the future. Children growing up in families with higher wealth are more likely to be born at a healthy weight and, as they grow, less likely to have asthma or to be obese, less likely to be stressed, depressed or suffer from more serious psychiatric disorders, and less likely to have mental illness as adults, improving their ability, in turn, to earn and build wealth. They are more likely to succeed in school, including being less likely to repeat grades and are more likely to enroll in and complete college.

While income disparities are of huge concern, wealth disparities are even greater. While wealth disparities across the entire population are enormous, racial wealth disparities are almost beyond comprehension. Nationwide, Black and Latinx families have only 1-10% of the wealth of White families. There is a troubling lack of data about Native American wealth, but some research suggests they have the highest poverty rate among minorities. Asian people on average have roughly the same wealth as White families, but there are enormous disparities within the Asian population. The gap between Black/Latinx and White wealth has grown larger over the past few decades.

The homeownership gap between White and Black families is currently larger than it has been for more than 50 years, and only 1% smaller than it was in 1890. A study done by researchers here at Yale found that the vast majority of Americans underestimate the size of the racial wealth gap by 80%. Our decision, as a state, to invest in long-term rebalancing of wealth equity is, in my opinion, one of the most important decisions we have made, and will make, for many years." Ms. Harper offered suggested revisions to the bill in her testimony.

[Hartford Foundation for Public Giving](#) testified, "The Hartford Foundation, in collaboration with its partners in the Connecticut Urban Opportunity Collaborative (CUOC), Fairfield County's Community Foundation and the Community Foundation of Greater New Haven, are working with the State Treasurer's Office on an effort to ensure that the new Connecticut Baby Bonds program is responsive to the needs of new parents both in the administration of the program and in supporting parents as their child grows. To accomplish these goals, CUOC is funding the creation of a Baby Bonds Parental Advisory Board to provide feedback on structure and processes for the Baby Bonds program both at start-up and as the program continues to ensure program is responsive to family needs and interests. We would ask that this legislation and implementation budget reflect an ongoing commitment by policymakers to sustain the Advisory Board and parent engagement in program implementation and evaluation. While community foundations were willing to provide the initial funding to establish this Board, public funding should make the permanent commitment to this effort.

The composition of the board will ensure a mix of geographic distribution, communities, and cultures, including at least two Black or Latino parents, at least one father, and at least one parent from an immigrant community. This board will have at least two parents participating in the 2Gen Initiative to create crossover between programs. In addition, the board will include two parents with children under the age of three and two parents whose children have or will receive a baby bond. Parents will be compensated for their participation in the advisory board to cover expenses such as transportation and childcare costs. It is important to recognize that people should have the support they need to fully participate in this vital work. Public policy can more fully address community issues when representatives who have lived experience are engaged in the process."

[Yvette Highsmith Francis, Regional Vice President, Community Health Center, Inc.](#) testified, "working at a federally qualified health center, I see the impact of poverty on the lives of Connecticut residents on a daily basis. As our society continues to struggle with ensuring that our most vulnerable residents have access to jobs where they can earn a livable wage as well as access to safe and affordable housing; every opportunity to decrease and diminish wealth inequities will improve the quality of life for all Connecticut residents. I am a lifelong resident of Connecticut and grew up living in financial poverty. As the first generation in my family to have the opportunity to pursue higher education and to be able to purchase my own home; (ultimately breaking a cycle of poverty), I know firsthand that it is nearly impossible for families to save for education and home ownership. I was not able to do either of the above without incurring significant debt. The ability for young people to attend college, invest in their futures without incurring that same level of debt that I had to, makes the decision to attend school or purchase a home and remain a Connecticut resident attainable vs. an unrealistic dream. The opportunity that Connecticut Baby Bonds offers to our most marginalized, vulnerable residents is an investment that our state cannot afford not to make. This will be transformational in the lives of generations to come."

[Jason Jakubowski, President and CEO, Connecticut Foodshare](#) testified, "one out of every eight people in Connecticut is food insecure, including one in seven children. In the wealthiest state in the country these numbers are staggering, and very real. At Connecticut Foodshare, we see the impact of this extensive need every day and know factors like inequity, wealth gaps and the cycle of poverty contribute greatly to pervasive, systemic food insecurity. By addressing the racial wealth gap and generational poverty through this bill, the State of Connecticut will create opportunities to engage with higher education without the burden of insurmountable debt, start a small business to enrich our local economy or buy property to continue to begin to build generational wealth. Through this program the State can create options and opportunities to move the needle forward towards a more equitable future."

[Eleazar Lanzot, Member, New Haven Rising](#), testified, "for decades there has been a significant divide in the financial, educational, employment, and life outcomes for the children in New Haven - the major determining factors being where they were born, their families' income, and their race. New Haven Rising has fought for years to eliminate the vast wealth gaps in our city and create a better more equitable New Haven. In New Haven Rising we are seeking to undo decades of segregated development. Redlining practices of the 1930's shape maps of poverty and segregation today. Although the practice has been outlawed, nearly all of New Haven's current low-income neighborhoods were marked as declining or hazardous by the redlining map that was created over 80 years ago. These are the neighborhoods that had

the highest home foreclosure rates after the great recession, and now, have highest COVID-19 rates . They are neighborhoods that have the shortest life expectancy, highest unemployment, and highest asthma rates. In New Haven, people of color are more likely to live in redlined neighborhoods. These are neighborhoods that have been prevented from accumulating wealth by redlining policies, and they lack wealth today. This bill will help even such an unequal playing field. It would be a step towards undoing a history of segregation and making good on the promises enshrined in our country's founding documents."

[Sara LeMaster, Manager of Government Relations and Public Policy, Community Health Center Association of Connecticut](#) testified, "a majority of health center patients live at or below the federal poverty level, and experience health disparities that put them at increased risk of developing chronic conditions like asthma, diabetes, and heart disease. The Baby Bonds program is a crucial investment in our children and is a powerful tool in addressing generational poverty. The purpose of the program is to invest in and empower Connecticut's most vulnerable children and to close the racial wealth gap, thereby confronting many of the underlying issues that contribute to generational poverty. The baby bonds program and other initiatives that seek to empower communities experiencing poverty by increasing the availability of capital and investment opportunities are smart investments that will positively impact communities served by health centers. Last year, the legislature focused intently on addressing health disparities experienced by communities of color and took many big steps in confronting systemic racism in our state institutions through far-reaching policy initiatives to make our government more inclusive. The Baby Bonds program represents the state's willingness to "walk the walk" and do the necessary work of addressing poverty."

[Allison Logan, BS-ED MS, Executive Director, Bridgeport Prospers](#) testified, "as we serve, support, and engage Bridgeport families who happen to have lower incomes, we know first-hand the effects of poverty on child and maternal health. We know those young people and their caregivers with fewer resources often start behind and stay behind on a range of economic, academic, and social measures. Over the last few years, my work in Bridgeport has focused in the prenatal to three space, with our outcome goal that all babies in Bridgeport will be healthy and reach developmental milestones by age three. Recognizing that there is scant evidence that any one single action, support or intervention will result in the level of family and systems change imagined for Bridgeport's babies, our birth to three community action team proposed an innovative, values-anchored, science-informed baby "bundle." The framework is anchored in the neuroscience of trauma to resilience, along with a bundle of comprehensive, whole-family supports and practices- represents a sweeping, systemic change effort to equip young children and their families in Connecticut's largest city with the supports they need to thrive. Baby Bonds awareness and education is included in our bundle and is an important investment in young people to help close the wealth gap, particularly for communities of color."

[Shira Markoff, Policy Fellow, Prosperity Now](#) testified, "the Connecticut Baby Bonds Trust is a critical program for addressing the acute racial wealth divide in the state. According to Prosperity Now's Scorecard, Connecticut ranks 43rd out of the 50 states and the District of Columbia in racial disparities in economic outcomes for residents. For example, while 76% of White households in Connecticut own a home, only 38% of Black households and 34% of Latinx households own a home. By focusing on children whose births are covered through HUSKY, the Connecticut program will invest specifically in children from households with the lowest income, who are disproportionately Black, Latinx and Indigenous. Young adults from

households with limited income and wealth are at a disadvantage in starting their adult lives. They are less likely to receive significant financial support from their families to pay for college without incurring crippling debt, to purchase their first home, or to take the idea they have and turn it into a business. Baby Bonds help level the playing field for people who grow up in low-wealth households by providing them with a financial foundation for beginning their adult lives. They can use the funds from the Baby Bonds program to purchase an asset that will generate wealth over their lifetime and enable them to support the next generation."

[Melissa Mason, Executive Director, New Haven Works](#) testified, "good jobs transform lives and more Connecticut residents need access to good jobs, and programs like the baby bonds program could play an important role in helping our residents get good jobs. We have members who are struggling with student debt. We have members whose degrees have been delayed due to financial burdens. Just a few course credits can stand in the way of a degree, and so these credits can stand in the way of a much better job. In addition, we have members who dream of starting a business but lack the capital to do so. Alternatively, a high-interest loan can destroy a small business and eliminate the jobs they create. Baby bonds would give some of our most vulnerable and poorest residents opportunities to have a fairer start as they enter into adulthood. By giving people the opportunities to get on their feet early in life, the program will make our state more successful while also giving our residents more security, freedom, and dignity. We can be proud to be the first state with such a program and we must do everything necessary to ensure its success."

[William McCullough, Pastor, Founder, FaithActs for Education](#) testified, "Bridgeport is one of the largest and lowest-performing school districts in Connecticut. Only 25% of third graders are reading on grade level, 10% of eighth graders are doing math on grade level, and 16% of students who take the SAT are ready for college. As we're fighting to get our children a better education, we must also invest in their ability to fully realize their dreams. Senate Bill 384 sends the message to low-income children in Bridgeport that they matter just as much as their affluent counterparts in Greenwich. They deserve trust funds too. They deserve the deepest investment from the state so that they can reach their full potential and meaningfully participate in society."

[David Morgan, President and CEO, TEAM, Inc.](#) testified, "every hour of every day, we witness the struggles faced by Connecticut residents written off the list – the devastating disparities of the wealth gap continued to widen over the past five decades, and was amplified for all to realize during the COVID19 pandemic...Connecticut is home to residents with the highest annual income per capita but also has one of the highest rates of income inequality in the nation. Economic disparities, including the wealth gap, have been widening across America and Connecticut, disproportionately impacting communities of color. Until all of us are there, none of us are there – helping all of Connecticut requires our compassion and expertise...providing policies and programs that foster and develop a more inclusive economy. The Connecticut Baby Bonds would benefit those least likely to be able to save for future goals, focusing the investment on babies whose births are covered by the State Medicaid program – thus supporting and empowering nearly 16,000 babies a year, which includes more than 40% of all Connecticut births and babies in all 169 of Connecticut's towns and cities based on data shared by the Department of Social Services."

[Patrick O'Brien, PhD, Research and Policy Fellow, Connecticut Voices for Children](#) testified, "the decades-long rise in wealth inequality in the U.S. includes a substantial racial wealth gap."

And the racial wealth gap is likely even greater in Connecticut than in the U.S. as a whole. According to data from the U.S. Census Bureau and the Federal Reserve, 76.3 percent of the U.S. population is white and the share of wealth for white families is 83.7 percent. In comparison, 13.4 percent of the population is Black and the share of wealth for Black families is only 4.3 percent, meaning the rise in wealth inequality in the U.S. includes a substantial racial wealth gap. Moreover, due in large part to Connecticut's substantial racial income gap, which contributes to the racial wealth gap, our research shows that the racial wealth gap is likely even greater in Connecticut than in the U.S. as a whole. Senate Bill 384 would strengthen the Connecticut Baby Bond Trust program in several ways. Most notably, it would adjust the timeline of the funding so that it is prospective rather than retrospective and it would ensure that unused funds remain in the program, all of which would make the program more self-sustaining and increase the likelihood that it continues even if Connecticut's fiscal situation deteriorates and future funding fall shorts."

[Rochelle Palache, State Director and Vice President, SEIU 32BJ](#) testified, "last year Connecticut enacted the first baby bonds program in the country. Baby bonds directly address the racial wealth gap in a direct and efficient way. The average white family has five times the wealth of the average Hispanic family and eight times the wealth of the average Black family. Furthermore, white households are twice as likely as Black households to receive an inheritance. Wealth is a safety net that keeps a life from being derailed by temporary setbacks and the loss of income. This is why we support Senate Bill 384 as it will make technical amendments that will improve the operation of the baby bonds program as well as providing a funding boost for the upcoming fiscal year ensuring the program gets off to a strong start."

[Ian Skoggard Resident, New Haven, Connecticut](#) testified, "from day one living in New Haven and commuting from the west end to downtown, the pockets of poverty in the city were striking. Even more alarming was that this poverty had a color, mostly poor Black and Hispanic families, whom have been shut out of opportunities to accumulate and pass on wealth because of racist redlining policies imposed on the city many years ago. These enclaves are still among the poorest in the state. They have the lowest income levels, highest unemployment rates, and lowest life expectancy; and they were hardest hit by the COVID pandemic with the highest rates of infection and death. I have spent 20 years volunteering with organizations such as Elm City Congregations Organized and now New Haven Rising to try and make a difference in such wealth inequities and right what are clear wrongs. The city's pockets of poverty needed opportunity and investment, not pity or condemnation...The Baby Bond bill is another piece in this effort that should have far ranging effects. It is a brilliant piece of legislation that with little money up front would grow to a not insignificant amount to help young adults get a leg up in the world. I fully support the Treasurer's recommendations to amend the bill."

[Janet Stolfi Alfano, Executive Director, The Diaper Bank](#) testified, "at every stage in life, a child and family need the tools that help them build a stable future. Connecticut Baby Bonds is another tool to help those born into poverty, gain the financial resources they need to be successful adults. Connecticut Baby Bonds is a critical piece of the puzzle to helping individuals and families change the trajectory of their health and economic well-being in the long-term." Ms. Stolfi Alfano offered suggested revisions to the bill in her testimony.

[Alison Weir, Policy Advocate and Attorney, Greater Hartford Legal Aid](#) testified, "most importantly for our clients, the legislation also provides a mechanism for individuals to claim the bonds when they come of age and makes clear that disbursements from the Trust Fund

are intended to be free of adverse financial impact to beneficiaries as the disbursements will be tax free and not considered assets or income for the purposes of state benefit programs. Legal Services are big fans of the Baby Bonds program as a means of addressing the wealth gap in this state. We think the greatest challenge for the program in achieving its promise will be to identify those individuals who are beneficiaries and provide a way to ensure they know of the benefit when it comes due. Thus, we urge all relevant agencies in the state to cooperate in information sharing to the extent necessary."

[Jeanette Weldon, Executive Director, Connecticut Higher Education Supplemental Loan Authority \(CHESLA\)](#), supports the concept of Senate Bill 384, stating, "CHESLA firmly believes it is important to promote financial stability for all Connecticut residents and we support efforts to make the State's economy more inclusive. CHESLA is willing to work with all stakeholders in meeting our mission to help Connecticut students and families make informed financial decisions."

[Richard Wenning, Executive Director, Be Foundation](#) testified, "Connecticut's Baby Bonds legislation presents an unprecedented opportunity to disrupt persistent and problematic patterns of disparate generational wealth accumulation. Perhaps no other policy has the leverage and bipartisan appeal to dramatically cut the wealth gap in a generation. It's a big idea, focused squarely on building an economically inclusive and competitive Connecticut. And it is a big idea we have shown we are ready for as the first state in the country to pass Baby Bonds legislation. However, to deliver on its promise, a set of statutory changes will be needed this year and in future years. Future steps should connect this powerful opportunity to build wealth with the personal agency for financial management. This implies strengthening the statute's concepts related to personal financial literacy and the flow of trust account proceeds. How might we remedy the systemic withholding of individual opportunity to develop personal financial acumen within our state's educational systems? As we reconsider what readiness for postsecondary education and career means in Connecticut, let's take on this glaring source of inequity with meaningful learning opportunities for students. We will also need to value this learning as part of how we expect all students to plan for their futures during high school and on their graduation credentials."

[Jess Zaccagnino, Policy Counsel, American Civil Liberties Union of Connecticut](#) testified, "the ACLU-CT supports programs that seek to dismantle Connecticut's high rates of income inequality, which disproportionately impact communities of color. This bill makes technical and clarifying changes to this first in the nation, innovative program aimed at closing wealth gaps, ending generational poverty, and investing in our economy."

#### **NATURE AND SOURCES OF OPPOSITION:**

[David Godbout](#) opposed the bill on the grounds that the current session of the Connecticut General Assembly is illegal, in breach of Article 3, Section 16 of the State Constitution.

**Reported by: Brie J. Wolf**

**Date: April 19, 2022**