

Appropriations Committee

Public Testimony of the Connecticut Women's Education and Legal Fund (CWEALF)

H.B. 6659: *An Act Concerning the Establishment of the Connecticut Baby Bonds Trust*

Submitted by: Nicole Sanclemente, Policy and Program Associate

March 26, 2021

The Connecticut Women's Education and Legal Fund (CWEALF) is a statewide, nonprofit organization that advocates for and empowers women and girls in Connecticut, especially those who are underserved and marginalized. For forty-seven years, CWEALF has been a leading advocate in the development of policy solutions that advance women's economic security, combat discrimination, and increase gender equity in Connecticut.

CWEALF supports H.B. 6659: *An Act Concerning the Establishment of the Connecticut Baby Bonds Trust*.

The COVID-19 pandemic has exacerbated severe inequities faced by low-income families that existed long before the crisis struck our state. Wealth inequality, or the unequal distribution of assets among people who live in the United States, is a severe impediment for families seeking financial freedom.

In our state's capital of Hartford, the median household income is \$33,841.00, but a five-minute drive down the road to West Hartford, one of the top 50 wealthiest towns in the state, holds a median household income of \$95,298.00.¹ The difference in location not only affects the income generated, but also the employment and education opportunities, food and grocery options, and other community resources that are critical to the wellbeing of residents.

Racism and discrimination often limit the ability of a family to generate wealth throughout their lives, and whether or not they are able to pass it down to their children. The average white family has five times the wealth of the average Latinx family and eight times the wealth of the average Black family. Generational wealth plays a significant role in how

¹ "How Much Connecticut Households Make Per Year: census. (2018). Retrieved from: <https://patch.com/connecticut/across-ct/heres-how-connecticut-ranks-income-nationally>

families continue to earn money: it is easier to earn more income when you have already acquired some.

House Bill No. 6659 will help close the wealth gap prevalent in Connecticut by creating endowments for children who are born into poverty. The structure of permissible uses built into the program ensures that money will be invested in appreciating assets that build wealth, including post secondary education, home ownership, or entrepreneurship.

House Bill No. 6659 will allocate \$5,000.00 for every child born onto Connecticut's HUSKY health insurance program. Due to the average rate of return of 6.9%, the bonds will substantially increase to approximately \$16,618.00 when children turn 18 years of age. The funds can then be used to obtain higher education including four-year universities, vocational training, and community colleges, as well as investing in real estate and/or starting a business in Connecticut.

Wealth is a safety net that keeps a life from being derailed by temporary setbacks and the loss of income. House Bill No. 6659 is a step forward towards closing the wealth gap in Connecticut by confronting the problem head-on; investing in our youth and providing them with the resources they need to become financially independent and secure.

CWEALF encourages the Committee to support H.B. 6659 to ensure Connecticut combats existing racial inequities that affect opportunities for families to build generational wealth in the state.