



**Every Family and Every Child in Connecticut Will Thrive and Share in Prosperity.**

**Testimony before the Appropriations Committee  
In Support of HB 6659  
An Act Establishing A Baby Bonds Program**

Good Afternoon Senator Osten, Representative Walker, Senator France, Representative Minor, and members of the Appropriation Committee,

My name is Elizabeth Fraser and I am the Policy Director for The Connecticut Association for Human Services. CAHS advances multi-generational policy and program solutions which promote family economic well-being, and foster equitably resourced communities.

As CAHS is in support HB 6659 Baby bonds. This is a bold and innovative idea, a long-term strategy that is designed to ameliorate the wealth gap that plagues Connecticut.

The concept is simple, every baby born on Husky Insurance will have a sum of money put into a special account with their name on it. The account will grow as the child grows. When the child turns 18, the balance in the account can be used to pay for education, to purchase a home, to start a business, or to put into a retirement account. Each of these eligible expenses will give the young adult opportunity to grow more wealth, which in turn could be passed down to their children.

This program would be available to all eligible children, regardless of race or ethnicity. However, it must be stated that structural racism has ensured that the child poverty rate, the achievement gap, the wealth gap, and income inequality, have disproportionately affected families of color, and the gaps have widened over time.

- Connecticut has one of the widest wealth gaps in the nation
- Connecticut ranks 43 in the nation in Income Inequality
- 21% of CT families have Zero Net Worth; white families 10.3%, families of color 41%
- 32% of CT families have less than 3 months of liquid assets; white families, 19%, families of color 56.4%
- [scorecard prosperity now.org/ct](https://scorecard.prosperitynow.org/ct)

Wealth is security; it means there is a safety net in case of unexpected expenses, that parents can contribute to a retirement account or a 529 college savings account, invest in home ownership, or start a business. This wealth is often transferred to children, and seeds their future opportunity.

The institution of Baby Bonds will act as will If the wealth gap goes unchecked, it is estimated it will cost the U.S. economy between \$1 trillion and \$1.5 trillion between 2019 and 2028, or 4 – 6% of GDP. [www.mckinsey.com](https://www.mckinsey.com)

It is important to acknowledge that Baby Bonds is a long- term strategy, providing hope and future opportunity for children, which must be complemented with short- term relief for families right now. Eliminating benefit cliffs, raising the Earned Income Tax Credit, instituting a Child Tax Credit, increasing access to Early Care and Education, and ensuring marginalized communities are adequately funded, are all steps that need to be taken immediately, to provide relief to economically struggling families. But Baby Bonds can seed the next generation, and begin the process of increase generational wealth for many more families.

This quote from David Newville, from Prosperity Now, agrees that it will take short term stimulus and financial supports, “But if we really want to transform the economy in the long run, I think an investment like this is absolutely necessary to really begin to close that divide.”

[how-baby-bonds-could-help-close-racial-wealth-gap](#)

Thank you for your time.