



The Office Of State Treasurer
Denise L. Nappier

Statement

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Treasurer Nappier Applauds CHET Baby Scholars Proposal

Today's announcement by Governor Malloy is a wonderful gift to every new born in Connecticut. As Trustee for the Connecticut Higher Education Trust (CHET), I have always encouraged families to plan early for college and CHET Baby Scholars will give families the head start they need to help defray the ever increasing costs of higher education. It is also worth noting that this Baby Scholars initiative will make college savings more attractive to our State's citizens with modest incomes.

This proposal provides an incentive for Connecticut parents to begin saving for their children's college education from birth. It will contribute \$100 when a family opens a CHET account within a year of a birth or adoption. If the family adds \$150 to the account within four years, CHET will match that with another \$150. This modest requirement, plus the ability to open a CHET account for as little as \$25, ensures that more of our citizens can afford to take full advantage of this incentive.

Just as Dr. Seuss and Curious George -- and other best sellers -- are important as baby's first books, CHET Baby Scholars is important as baby's first investment. Children who grow up reading and with a college savings account are more likely to excel academically and attend college, which in turn gives them powerful skills that will last a lifetime.

An Investment in Connecticut's Future Economic Well-being

The Governor's proposed CHET Baby Scholars is an important policy initiative that would further demonstrate our State's commitment to hard working families seeking a better future for their children, and will be a solid investment in the promise of our children. As State Treasurer, I never lose sight of the fact that an educated workforce is key to the growth and vitality of our State. As college graduates return to take productive roles in our communities, they will help to ensure the sustainability of Connecticut's economic well-being.

CHET is Connecticut's only state-sponsored tax-advantaged 529 college savings plan. It has grown from 4,000 accounts with \$18.5 million in assets in 1999, to more than 100,000 accounts with over \$2 billion in assets today.

In 2013, there were 10,808 CHET beneficiaries in the 0-3 age bracket, an increase of more than 400 percent since 2000. CHET Baby Scholars is designed as a new incentive to help that number grow in the interests of ensuring that an increasing number of Connecticut's future generation are well prepared to contribute to a better quality of life in their home state.

The fact that funding for the program will come from residual funds at the Connecticut Student Loan Foundation (CSLF), with no cost to taxpayers, is also positive. CSLF previously supported higher education as the federal student loan guarantee agency but is no longer doing so due to changes in the federal student loan program. Its legacy will be that it will continue to support aspiring college students.

Finally, I applaud Governor Malloy's other CHET initiatives for families of any age. These initiatives would make it easier for families to save with CHET accounts by:

- Allowing families to direct their income tax refunds to individual CHET accounts;
- Disregarding the assets in CHET accounts from eligibility for most public assistance programs ;
- Ensuring that assets in CHET accounts do not reduce students' eligibility for financial aid at our state colleges and universities.