State of Connecticut

Issuer: State of Connecticut		
Assigned	**Rating**	**Outlook**
General Obligation Bonds (2022 Series A)	AA	Stable
General Obligation Bonds (2022 Series B) (Social Bonds)	AA	Stable
Affirmed	**Rating**	**Outlook**
General Obligation Bonds	AA	Stable
Issuer: Connecticut Innovations, Incorporated		
Affirmed	**Rating**	**Outlook**
State of Connecticut General Fund Obligation Bonds 2014 Series A	AA	Stable

Methodology:

U.S. State General Obligation Rating Methodology

ESG Global Rating Methodology

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Rating Summary: The rating level reflects the State's strong credit profile, particularly the significant progress the State has made in improving its financial position in recent years. The budget reserve fund (BRF or rainy-day fund) has increased from just 1.3% of general fund expenditures at FYE 2017 to 22.8% at FYE 2021. The BRF balance is limited to 15% of the subsequent year budget with excess amounts applied to long-term liabilities. Accordingly, the State expects to apply $1.62 billion from the FYE 2021 BRF balance in the first half of FY 2022 to unfunded pension liabilities, supplementing the $3.1 billion actuarially determined employer contribution (ADEC) initially appropriated for that year.

Revenue estimates for the FY 2022 to FY 2023 biennium have improved through the early part of the current fiscal year as the pandemic's impact has eased and the U.S. economy has strengthened. Based on the Office of Policy and Management's (OPM) latest November 2021 revenue and expenditure projections, the BRF balance is projected to increase to $4.98 billion at FYE 2022. In order to comply with the 15% statutory BRF cap, OPM projects transferring another $1.75 billion to the state's pension systems. Revenue projections have been conservative through the pandemic, though KBRA notes that unfavorable developments with respect to COVID 19 or overall U.S. economy could result in unfavorable variances.

The State received a $1.382 billion allocation from the Coronavirus Aid, Relief, and Economic Security (CARES) Act which was passed March 27, 2020 as part of the $150 billion state-focused Coronavirus Relief Fund (CRF). Substantially all of this has been spent or allocated. The State was allocated an additional $2.812 billion from the American Recovery Plan Act (ARP) enacted by Congress on March 11, 2021.

The State economy has recovered well from the early months of the pandemic when stay at home orders and other public safety measures pushed the unemployment rate (not seasonally adjusted) to a high of 11.6% in May 2020. As of October 2021, Connecticut's unemployment rate had eased to 5.3%, a level which, while much lower than last year's peak, exceeded the U.S. level of 3.9%. The State appears to have benefited from pandemic-induced in-migration, particularly from the New York City area. Whether this trend proves to be longer lasting is unclear.

Wealth levels remain very high, with per capita income of $78,609 at 132% of the national average in 2020. The longer-term, pre-pandemic economic growth trend in the state was sluggish. Real gross state product (GSP) contracted in six of the last thirteen years. KBRA continues to monitor economic growth in the context of the broad recovery since the early months of the pandemic, with an eye toward the possible impact of further virus-related challenges, waning federal stimulus, and other macroeconomic challenges such as inflation.

The State has high debt levels, but this partly reflects its practice of issuing general obligation debt for certain university projects and for purposes that municipal entities and counties fund in other states such as local school construction. Fixed costs (debt service, OPEB and pension) were 21.7% of general government expenditures in FY 2020, which KBRA views as high. Debt amortization is favorable with 76% of general obligation debt retired within 10 years.

The Stable Outlook reflects the diversity and high wealth levels of the economic base and strong reserve position which provides a good framework for future operations.

Key Credit Considerations

The rating actions reflect the following key credit considerations:

Credit Positives

- Budget reserve fund balance has increased in recent years and is now 15% of general fund expenditures.
- Strong financial management framework for tracking revenues, monitoring budget performance and a history of making required adjustments.
- Strong wealth levels with the highest per capita personal income level among all states.

Credit Challenges

- Lower relative growth in the important economic indicators of population, employment and gross state product, although there are very recent signs of growth in population.
- Unfunded pension liabilities and tax-supported debt burden are high relative to personal income, each exceeding by more than 3.0x the respective U.S. averages. However, the State borrows for many local purposes and the comparison on a combined state and local basis is more moderate.

Rating Sensitivities

▪ Stronger economic growth trends than what have been experienced since the Great Recession. ▪ Significant improvement in the funded ratios for the State's pension systems.	+
▪ Structural operating deficits in the general fund. ▪ Weakening in the State's employment base and economic activity.	-

Rating Highlights	
Per Capita Personal Income (2020) (in dollars)	$78,609
as a % of U.S.	*132%*
Population (2020)	3,605,944
Growth 2010 to 2020	*0.9%*
Real GDP, % Change 2010 to 2020	
Connecticut	-3.5%
New England	8.9%
United States	17.5%
Budget Reserve Fund Balance ($ in millions)	
FYE 2017	$213
FYE 2018	$1,185
FYE 2019	$2,506
FYE 2020	$3,075
FYE 2021 Estimated[1]	$4,735
Pro Forma Direct Debt ($ in millions)	$26,621
Net Pension Liability[2] ($ in millions)	$42,808
Fixed Costs as a % of Governmental Expenditures (FY 2020)	21.7%

[1]Statute limits the BRF balance to 15% of the subsequent year's budget. To comply with this requirement, the State anticipates applying $1.745 billion of this projected balance toward the State's pension liabilities as a supplemental contribution in addition to the ADEC.
[2]Reflects 6/30/2020 measurement date for SERS and TRS and 6/30/2019 for JRS.

Rating Determinants (RD)	
1. Management Structure, Budgeting Practices and Policies	AA+
2. Debt and Additional Continuing Obligations	A+
3. Financial Performance and Liquidity Position	AA
4. State Resource Base	AA-

RD 1: Management Structure, Budgeting Practices and Policies

KBRA views Connecticut's management structure and policies as providing a very strong framework for managing its financial operations and debt issuance compared with other states. This framework is established by the State Constitution, Statutes, and administrative practices. Within this framework, favorable financial results have been achieved in recent years.

Constitutional Provisions

Under Connecticut's Constitution, the State is divided into three distinct branches: The Legislative, Executive, and Judicial. The executive power of the State is vested in the Governor. Governor Ned Lamont was elected in November of 2018 for a term beginning in January 2019. Treasurer Shawn Wooden was also elected November 2018. The Treasurer is primarily responsible for receiving and disbursing monies of the State and is the sole fiduciary of the State's retirement funds. The Treasurer also has the responsibility for carrying out the issuance of debt. The Comptroller is required to issue monthly budgetary reports on the State's financial condition, in conjunction with the Office of Policy and Management (OPM). OPM is directly responsible to the Governor for policy development in the areas of budget and financial management and prepares the State budget.

The State's Constitution provides that the General Assembly may not authorize general budget expenditures in excess of estimated revenues. The Constitution also includes a spending cap on annual growth in expenditures which limits the increase in expenditures to the greater of the five-year average growth in personal income or inflation over the previous year. The cap excludes debt service for general obligation debt, annual funding of unfunded pension liabilities, and spending supported by federal funding. The cap may be exceeded if the Governor declares a fiscal emergency, and both houses of the legislature support such action by a three-fifths vote.

Under the State Constitution, the Governor has the power to veto any line item of any itemized appropriation bill, while at the same time approving the remainder of the bill. The General Assembly may override the Governor's veto by two thirds vote of each legislative house.

Statutory Provisions

State law requires that total net appropriations for each fund shall not exceed a percentage of estimated revenues for each respective fund. Under State statute, the State is required to monitor its financial performance monthly and the Governor is empowered to take action, under statutory limitations, to maintain budget balance. State statutes require consensus revenue forecast to be developed on a regular basis three times a year. State statutes allow for broad revenue raising ability.

Financial Management Policies

The State operates under a strong and comprehensive framework of financial management policies, most of which are codified in statute. The State's framework for financial management includes the following planning and reporting components:

- <u>Monthly Reports on Financial Performance</u>: By statute, OPM is required to provide the State Comptroller with a letter with monthly updates to revenue and expenditure projections for the general fund in the current fiscal year, along with projections for end of fiscal year surplus or deficits. Based on the OPM letter, the Comptroller prepares a monthly letter on financial performance. KBRA views the Comptroller's and OPM's monthly monitoring and projection of the year-end financial position as an extremely valuable tool in managing the State's finances.
- <u>Annual Report to Legislature</u>: By statute, each November, OPM and the Office of Fiscal Analysis (OFA) is required to submit a Fiscal Accountability Report to the Legislature which projects revenues for the current biennium and the next three fiscal years.
- <u>Three Year Out Report</u>: As part of the budget process, the Governor must annually submit a separate report to the Legislature which sets forth the estimated revenues and expenditures for the current biennium and the next three fiscal years.
- <u>Consensus Revenue Estimates</u>: OPM and the OFA are required by statute to issue consensus revenue estimates each year by November 10, January 15, and April 30 that cover the current biennium and the next three fiscal years. The development of consensus revenue forecasts utilizes both in house analytic staff and external economic forecasting services.

The Treasurer has investment responsibility for all funds of the State and functions as the trustee of all State pension, retirement, and trust funds. The Treasurer is required to report annually on investment activities by December 31 to the Governor and the State's Investment Advisory Council.

State Budget Process

The State's fiscal year begins on July 1 and ends on June 30. The Governor is required to transmit a budget document to the General Assembly in February of odd numbered years setting forth a separate budget for each of the biennium years. Under State Statute, the Governor has the ability to manage the State under Executive Order to maintain essential services in the absence of a budget.

In each even numbered year, the Governor must prepare a report (Mid Term Budget Report) on the status of the budget enacted in the previous year with any recommendations on adjustment and revisions for the coming year. If a budget surplus or deficit is projected, the Governor will recommend how the deficit will be mitigated or how the surplus will be used.

Ability to Adjust Expenditures and Deficit Mitigation

Under State statute, the Governor is empowered during the fiscal year to reduce the budget allotment, or expenditure request, by up to 5.0% of any specific appropriation to an agency, except for aid to municipalities, and up to 3% of the total appropriations of any fund under certain circumstances without Legislative approval in order to maintain balanced financial operations. Beyond these limits, the General Assembly must act to reduce expenditures.

Budget Reserve Fund (BRF)

State statutes dictate that unappropriated surpluses left in the general fund shall be transferred to the BRF until the fund reaches 15% of the net general fund appropriations. The Revenue Volatility Cap requires that beginning in FY 2018 estimated and final payments of the personal income tax and the pass-through entity tax in excess of a threshold, the Revenue Volatility Cap, are deposited into the BRF. The threshold for deposits adjusts under a statutory formula that was pegged to a base of $3.15 billion for FY 2017, subsequently adjusted upwards each year by the growth rate of personal income in the state to a cap of 15% of general fund appropriations. After the BRF reaches 15% of net general fund appropriations, revenues in excess of the 15% threshold are to be applied to long term liabilities, initially pension liabilities.

State Debt Limit

State statutes impose a ceiling on the amount of general fund supported debt which may be authorized by the Legislature. The limit is 1.6x net general fund tax receipts as projected by the Finance, Revenue and Bonding Committee of the General Assembly. Certain types of debt are excluded from this cap, including cash flow borrowings and emergency financings. Per the November 2021 Fiscal Accountability Report, the estimated debt incurring margin for FY 2022 is $4.9 billion.

General obligation debt is issued under State debt statutes and specific bond authorizations. Statutes provide that the bonds will be general obligations of the State and that the full faith and credit of the State is pledged for repayment. As per the State's contract with bondholders, appropriations for principal and interest do not need legislative approval. Connecticut is not a voter initiative state.

Municipal Accountability Review Board (MARB)

Statutes passed by the General Assembly as part of the FY 2018-FY 2019 budget process established a Municipal Accountability Review Board (MARB) to provide oversight and assistance to municipalities experiencing fiscal distress. The State has assumed the annual debt service obligations of the City of Hartford under this program. KBRA has added Hartford's outstanding debt to the State's aggregate outstanding debt. The State is also providing support to the City of West Haven under MARB which is expected to be short-term.

Bankruptcy

Under Chapter 9 of the U.S. Bankruptcy Code, State governments are not permitted to petition courts for protection from creditors, including holders of their general obligation debt.

ESG Management

KBRA typically analyzes Environmental, Social, and Governance (ESG) factors through the lens of how issuers plan for and manage relevant ESG risks and opportunities. More information on KBRA's approach to ESG risk management in public finance ratings can be found here. Over the medium-term, public finance issuers will likely need to prioritize ESG risk management and disclosure with the likelihood of expansions in ESG-related regulation and rising investor focus on ESG issues.

Environmental Factors

Connecticut has climate-related goals in place: State statute mandates 45% and 80% reductions in greenhouse gas emissions below 2001 levels by 2030 and 2050, respectively, and 10% and 25% decreases in water consumption and waste disposal, respectively, versus 2001 levels by 2030. The Connecticut Department of Energy and Environmental Protection's (DEEP) annual Greenhouse Gas Emissions Inventory, which measures progress toward these targets, noted in 2021 that data through 2018 indicated the State is lagging, particularly because of transportation emissions.

In 2019, Governor Lamont ordered the Governor's Council on Climate Change (GC3), established in 2015, to expand its portfolio to include climate change adaption and resilience, in addition to emissions mitigation. In January 2021, GC3 presented its Phase 1 Report: Near-Term Actions to the Governor, with recommendations for implementation in 2021 or early 2022. The recommendations from GC3's Financing and Funding Adaptation and Resilience working group included establishing an Environmental Infrastructure Bank, using GO bonds to finance adaptation and resilience programs, and creating a climate change and coastal resiliency reserve fund at the State Treasury.

OPM's Intergovernmental Policy and Planning Division is responsible for implementing the Connecticut Environmental Policy Act and updating (five-year recurring cycle) the State's Conservation and Development Policies Plan for Connecticut (C&D Plan), which helps guide capital investments for the development and growth in Connecticut.

Physical Climate Risk: Connecticut faces risks from sea level rise, flooding, and severe coastal storms, as most of its population lives near the coast. The State has warned that rising sea levels could bring tidal flooding, even without storms, to infrastructure such as rail lines and I-95. In 2019, the Connecticut Institute for Resilience & Climate Adaptation, a joint program of DEEP and the University of Connecticut, recommended that planning incorporate a 20-inch sea level rise by 2050, and considered subsequent increases as likely. CIRCA's work includes its Municipal Resilience Grant Program to fund local resilience projects and involvement in Resilient Connecticut, which aims to craft a long-term resilience plan for the State and is expected to include regional risk assessments.

Social Factors

The State government has both long-running and new initiatives aimed at social equity. The decades-old Commission on Human Rights and Opportunities, for example, enforces civil and human rights law and regulations, including affirmative action plans at state agencies. Recent efforts include the passage of legislation declaring racism as a public health crisis and creation of a Social Equity Council that seeks to compensate neighborhoods most-affected by the "war on drugs" with revenue from the upcoming adult-use cannabis program.

Connecticut started to issue GO Social Bonds in 2021. The State designated this transaction's 2022 Series B bonds as Social Bonds because their use – financing school construction – aligns with the United Nations Sustainable Development Goals' fourth goal (quality education) and the access to essential services Social Project category within the International Capital Market Association's Social Bond Principles. The State's school construction reimbursement formula is designed to address social equity by providing higher reimbursement rates for localities that are less wealthy.

In addition, Treasurer Wooden inaugurated a "Baby Bonds" program – to be financed by GO bonds starting in FY 2023 – that will establish interest-earning accounts for newborns under the State's Husky Plan (i.e., Medicaid program). Once they reach 18 years of age and then finish a financial education program before age 30, recipients can use the funds for a home purchase, education, investing in an in-state business, and other specified purposes intended to address the racial wealth gap. Another initiative, passed by legislation in 2021, is the Community Investment Fund 2030 Program, which will authorize $175 million of annual bond financing, starting in 2023, to fund projects in 34 communities with high poverty rates – with an eye toward economic development and infrastructure. KBRA views the criteria in the above three programs as ways in which the State prioritizes stakeholders' social preferences.

Governance Factors

Cybersecurity: In late FY 2020, the state hired its first Chief Information Security Officer, evidencing an increased focus in this area. In March 2021, Governor Lamont announced a multi-year initiative intended to centralize how the Department of Administrative Services manages the state government's IT functions. Legislation (Public Act 21-119) signed by Governor Lamont in July 2021 provides an $11 million investment for the State government's cybersecurity work.

RD 2: Debt and Additional Continuing Obligations

State Tax-Supported Debt

Connecticut's pro forma tax-supported debt burden is $26.6 billion including $18.7 billion in general obligation bonds, $7.2 billion in special tax debt secured by a pledge of transportation related taxes and fees, and $231 million in various other obligations. Also included in this figure is $431 million in City of Hartford debt. The State has assumed Hartford's debt service payments on this debt under a Contract for Financial Assistance executed in April 2018 as part of a plan to stabilize the financially distressed city.

In comparison with other states, Connecticut's state tax-supported debt burden is high. These high debt levels result in part from the State's practice of issuing general obligation debt for certain university projects and for purposes that municipal entities and counties fund in other states, including local school construction. Connecticut has not had a county form of government since October 1960.

Figure 1

Pro Forma Direct Tax-Supported Debt Principal Amount Outstanding (dollars in millions)	**2/1/2017**	**2/15/2018**	**2/1/2019**	**5/1/2020**	**2/1/2021**	**11/20/2021[1]**
General Obligation Bonds	$14,091	$14,038	$15,008	$14,005	$14,629	$14,745
General Obligation Bond Anticipation Notes	-	400	-	-	-	-
Pension Obligation Bonds (GO)[2]	2,351	2,370	2,368	2,394	2,411	2,429
UConn 2000 Bonds (GO)	1,533	1,421	1,635	1,569	1,661	1,560
Total General Obligation Debt	17,975	18,228	19,011	17,968	18,701	18,734
Special Tax Obligation Bonds	5,042	5,540	5,958	5,575	6,102	7,163
Other[3]	327	302	257	216	244	231
State Guaranteed City of Hartford Debt	-	-	516	488	494	431
Total Direct Tax-Supported Debt	**23,343**	**24,071**	**25,741**	**24,246**	**25,540**	**26,559**

Source: POS and historic GO Official Statements.

[1]General Obligation Bond balance adjusted to include $800 million in currently offered new money bonds.

[2]Includes accreted value of capital appreciation bonds.

[3]Includes lease financing, tax increment financings, CHFA Supportive Housing Bonds and CHFA Emergency Mortgage Assistance

Connecticut's state tax-supported debt burden is high relative to population, personal income and GSP, ranking among the very highest in the country by all three metrics. The State's debt burden compares more favorably however when analyzed on the basis of aggregate state and local borrowings. By this more inclusive measure, the State's debt burden falls to the top 20% of states compared to personal income and to GSP.

Figure 2

Debt Ratios[1] (in dollars)	Connecticut	Average of U.S. States	Connecticut Rank Among the 50 States
Tax-Supported Debt:			
Per Capita	$7,383	$1,645	Highest 5%
as a % of Personal Income	9.5%	2.8%	Highest 10%
as a % of GSP	9.6%	2.7%	Highest 5%
Aggregate State and Local Debt:			
Per Capita	$15,034	$9,656	Highest 5%
as a % of Personal Income	19.8%	17.2%	Highest 20%
as a % of GSP	18.6%	14.8%	Highest 10%

Source: U.S. Census Bureau, U.S. Bureau of Economic Activity, Credit Scope, and Annual Disclosures.

[1]Includes currently offered bonds.

Connecticut has a relatively small and declining level of exposure to variable rate debt; hence these types of transactions do not pose a significant risk to the State's liquidity position. As of December 1, 2021, the State has $710 million in variable rate general obligation bonds, which represents approximately 4.2% of outstanding long-term general obligation debt. The State is not party to any interest rate derivatives with respect to its outstanding general obligation debt.

Debt Amortization

Connecticut's debt amortization parameters are conservative, with general obligation debt generally required to be amortized over 20 years on a level principal basis, which generates a declining debt service schedule. The rate of amortization of direct general obligation debt is above average with 76% of principal retired over the next 10 years. In FY 2020, general obligation bond debt service represented 9.7% of total governmental expenditures (on a GAAP basis).

Capital Improvement Plan

The State's general obligation bond allocations for capital projects declined from $2.7 billion in 2016 to $1.4 billion in CY 2021. The FY 2022 budget authorizations are $2.0 billion for GO and $837 million for STO bonds. FY 2023 bond authorizations are $1.9 billion for GO and $930 million for STO bonds.

State of Connecticut Retirement Systems

Connecticut administers two major pension plans: the State Employees' Retirement System (SERS) and the State Teachers' Retirement System (TRS). It also administers the much smaller Judicial Retirement System (JRS). The State's level of funding for its pension plans remains among the lowest for US states. The actuarial funded ratio for SERS is 38.5% (June 30, 2020) and for TRS is 51.3% (June 30, 2020). The State has contributed to these funds at the full Actuarially Determined Employer Contribution (ADEC) in recent years, but funding progress has lagged as realized investment returns have not reached actuarial assumptions.

State Employees' Retirement System (SERS)

SERS is a single-employer defined benefit pension plan that provides retirement, disability, and death benefits to plan members and their beneficiaries. Employees also contribute.

On July 31, 2017, the General Assembly approved an agreement between the State and State Employee Bargaining Agent Coalition (SEBAC) which made substantial changes to pension and healthcare benefits for employees and retirees, including a three-year wage freeze, increased employee pension contributions for existing SERS members, a reduced COLA formula and a change in timing for post-2022 retirees, revisions to the healthcare design plan, and cost sharing for current employees. The State also agreed to extend the expiration date of the existing agreement with SEBAC on pension and healthcare from 2022 to 2027.

Teacher's Retirement System (TRS)

TRS is a single-employer defined benefit pension plan administered by the Teachers' Retirement Board for teachers, principals and other education supervisors employed in public school districts. Connecticut pays the entire actuarially determined employer contribution (ADEC) on behalf of participating school districts and public universities. The teachers also contribute.

Figure 3

Pension Funded Status and Actuarially Determined Employer Contribution Requirements
as of June 30, 2020 (dollars in millions)

	SERS	TRS	Total
Market Value of Assets	$13,311	$18,286	$31,598
Actuarial Value of Assets	14,243	19,055	33,298
Actuarial Accrued Liability	36,971	37,128	74,099
Unfunded Actuarial Accrued Liability	22,728	18,073	**40,801**
Funded Ratio (based on the actuarial value of assets)	38.5%	51.3%	44.9%
Funded Ratio (based on the market value of assets)	36.0%	49.3%	42.6%
FY 2020 Actuarially Determined Employer Contribution (ADEC)	1,616	1,209	**2,825**
% of ADEC Contributed	100%	100%	
FY 2021 ADEC	1,807	1,250	**3,057**
FY 2022 ADEC	1,983	1,444	**3,427**
FY 2023 ADEC	2,150	1,578	**3,728**
FY 2024 ADEC	2,175	1,741	**3,915**
FY 2025 ADEC	2,209	1,848	**4,058**

Source: POS

Net Pension Liability

The State's net pension liability (NPL), based on GASB 67 reporting requirements, represents a combined liability for all of the State pension funds: SERS, TRS and JRS. The NPL uses the total actuarial pension liability based upon the entry age normal actuarial method for consistency. From this amount, the market value of invested pension fund assets is deducted and the balance is the NPL.

The combined NPL is $42.8 billion as of June 30, 2020 based on the latest SERS and TRS valuations provided in the POS and June 30, 2019 JRS valuation data from the FY 2020 CAFR. This NPL ranks among the highest in the country when compared to population, personal income, and GSP. In FY 2020, the State's combined contribution toward pensions was $2.85 billion including $1.62 billion to SERS, $1.21 billion to TRS, and $27 million to JRS. This total contribution was equivalent to 9.1% of FY 2020 total governmental expenditures.

Figure 4

Net Pension Liability (NPL) Ratios (in dollars)	Connecticut	Average of U.S. States	Connecticut Rank Among the 50 States
Net Pension Liability:			
Per Capita	$11,871	$1,980	Highest 5%
as a % of Personal Income	15.3%	3.3%	Highest 10%
as a % of GSP	15.5%	3.2%	Highest 10%

Source: U.S. Census Bureau, U.S. Bureau of Economic Activity, Credit Scope, and Annual Disclosures.

The State has fully funded the ADEC for the SERS plan since 2012 and on the TRS plan since 2006, but the funded status of the two plans has eroded in part because actual investment returns have lagged assumptions. The assumed annual investment rate of return was reduced gradually from 8.5% in 2010 to 6.9% in 2016. This revised assumption is more realistic in KBRA's view and has contributed to a trend of significant growth in annual contribution requirements. The revised return assumptions assume that investment returns will provide a smaller portion of the cashflows needed to maintain the plans, resulting in increased State contributions.

Statute requires that year-end General Fund surpluses and volatility cap deposits be directed to the State's BRF. Amounts in the BRF exceeding 15% of the current year's budget are required to be directed to pay down the State's long-term liabilities. This mechanism resulted in pension contributions exceeding the ADEC totaling $62 million for FY 2020 and $1.6 billion for FY 2021, with the later payment increasing the annual contribution to 153% of the ADEC. These contributions in excess of the ADEC mark one more tangible step forward in what will need to be a deliberate long-term focus on restoring the State's pensions to sound actuarial footing with consistent and sustainable funding requirements.

Figure 5

State Contributions to SERS and TRS FYE June 30 (dollars in millions)	2017	2018	2019	2020	2021	2022 Budget	2023 Budget
Actuarially Determined Employer Contribution	$2,581	$2,714	$2,867	$2,825	$3,057	$3,427	$3,728
Additional Contributions[1]	-	-	-	62	1,624	-	-
Total Contributions	2,581	2,714	2,867	2,887	4,681	3,427	3,728
Total Contributions as a % of ADEC	100%	100%	100%	102%	153%	100%	100%

Source: State of Connecticut

[1]Additional contributions beyond the ADEC are not budgeted for the current biennium, but surplus General Fund amounts and volatility cap deposits that would otherwise push the Budget Reserve Fund balance above the statutory cap, designated at 15% budgeted expenditures, may be available for this purpose.

Other Post-Employment Benefits (OPEB)

Connecticut provides healthcare and life insurance benefits to eligible state employees. The State funds the benefit costs on a pay as you go basis, as do most states, through a transfer from the general fund to its OPEB trust fund. Beginning in 2009, new hires had OPEB trust contribution requirements. The most recent SEBAC contract requires employee trust contributions of 3% of salary for 15 years for employees hired on or after July 1, 2017. In FY 2020, the State's contribution to retiree healthcare and life insurance costs was $896 million, which represents 2.9% of FY 2020 total governmental expenditures.

Total Fixed Costs

Total FY 2020 fixed costs, including debt service, pension contributions and pay-as-you-go OPEB costs, represented 21.7% of total governmental expenditures.

RD 3: Financial Performance and Liquidity Position

The State's financial position improved markedly in recent years as favorable revenue performance and spending discipline supported surpluses which were used to restore the balance of the State's budget reserve fund (the BRF), from 1.1% of appropriations at FYE 2017 to the statutory limit of 15% of appropriations at FYE 2020 and FYE 2021. As required by statute, personal income tax and pass-through entity tax receipts above a designated threshold as well as excess surplus funds available at year-end are to be applied to the BRF up to the 15% funding cap, after which funds are to be directed to pay long-term liabilities. Per this mechanism $62 million in excess funds from FY 2020 operations was directed toward supplemental pension contributions above the ADEC in early FY 2021. Based on OPM estimates, an additional $1.6 billion in excess funds from FY 2021 operations will be applied in a similar manner toward pensions in the first half of the current 2022 fiscal year.

Application of CARES and ARPA Funds

Connecticut, like other States, received extraordinary federal funding following onset of the COVID-19 pandemic in March 2020. The State received $1.382 billion in CARES Act funds in 2020. Such funds were accounted for outside of the general fund and were utilized as follows: 16.6% for testing and active clinical monitoring; 14.4% to cover pandemic-related State operating expenses, and; 11.9% for public school reopening costs, among other uses.

The State was additionally allocated $2.812 billion in ARPA funds toward the end of FY 2021. Unlike CARES Act funds, the majority of ARPA funds flow through the general fund. Of this amount, $1.216 billion is budgeted to be spent in 2022, including $560 million which will flow through the general fund. An additional $1.344 billion is budgeted to be spent in FY 2023 of which $1.119 will flow through the general fund. A remaining $233 million remains unallocated.

FY 2021 Operating Results

Gross general fund revenues increased 10.4% YoY to $21.8 billion in FY 2021 as concerns that pandemic-related headwinds might weigh heavily on economically sensitive revenues did not come to fruition, thanks in part to substantial federal monetary and fiscal stimulus. Personal income and pass-through entity tax proceeds exceeded the revenue volatility cap by $1.24 billion, with this excess directed to the BRF resulting in general fund revenues available for appropriation of $20.5 billion, an increase of 7.0% YoY. Current year appropriations increased by a modest 1.3% YoY to $19.4 billion. Adding to that the carry forward of $139 million in prior year appropriations less $758 million in current year appropriations carried forward to subsequent years resulted in a general fund operating surplus of $481 million.

The $1.24 billion volatility cap deposit plus the $481 million surplus resulted in $1.7 billion in funds available for deposit to the BRF, which together with a beginning BRF balance of $3.0 billion resulted in an ending BRF balance of $4.7 billion, or 22.8% of budgeted FY 2022 appropriations. As required by statute, the State plans to transfer amounts exceeding the BRF cap at 15% of appropriations toward long-term liabilities in the first half of FY 2022. The State plans to direct this amount, estimated at $1.6 billion, toward pension contributions to SERS and TRS. The contribution will be in addition to the $3.1 billion dollars already appropriated in satisfaction of the full ADEC for the State's pension obligations, for a total contribution of $4.7 billion, or 153% of the ADEC.

Figure 6

General Fund Summary Operations
Budgetary Modified Cash Basis (FYE June 30) (dollars in millions)

	2017	2018	2019	2020	2021	2022		2023	
						Budget	Nov Est	Budget	Nov Est
Revenues	17,703	19,670	20,600	19,724	21,773	20,251	21,958	20,342	21,652
Plus BRF Draws	23	483	-	-	-	-	-	-	-
Less Volatility Cap Deposits to BRF	-	(1,471)	(950)	(530)	(1,241)	-	(969)	-	(780)
Application of ARPA Funds						560	560	1,195	1,195
Revenues Available for Appropriation	17,726	18,681	19,650	19,194	20,531	20,811	21,549	21,537	22,067
Appropriations (Net Miscellaneous Adjustments)	(17,763)	(18,611)	(19,249)	(19,189)	(19,431)	(20,746)	(20,654)	(21,534)	(21,534)
Miscellaneous Adjustments	1	3	(0)	8	(0)	-	-	-	-
Prior Year Appropriations Continued into Current FY	97	60	134	165	139	-	-	-	-
Current Year Appropriations Continued into Subsequent FY	(60)	(134)	(165)	(139)	(758)	-	-	-	-
Operating Surplus (Deficit)[1]	**-**	**-**	**371**	**39**	**481**	**65**	**895**	**3**	**532**
Year End Surplus Transfer to BRF[1]	-	-	(371)	(39)	(481)				
Unappropriated Surplus (Deficit)	**-**	**-**	**-**	**-**	**-**				

Source: Annual Financial Reports of the State Comptroller, OPM Letter Dated November 10, 2021, and POS

[1]As required by statute, the FY 2021 unappropriated surplus of $481 million will be transferred to the BRF once the audit of FY 2021 operations and the General Fund

Figure 7

Budget Reserve Fund Summary Operations
Budgetary Modified Cash Basis (FYE June 30) (dollars in millions)

	2017	2018	2019	2020	2021	2022		2023	
						Budget	Nov Est	Budget	Nov Est
Beginning BRF Balance	236	213	1,185	2,506	3,013		3,112		3,230
Transfers to General Fund	(23)	(483)	-	-	-		-		-
Transfers from General Fund (Outside of Volatility Cap)	-	-	371	39	481		895		532
Volatility Cap Deposit	-	1,471	950	530	1,241		969		780
Ending BRF Balance Before Statutory Post-Close Transfers to SERS/TRS	**213**	**1,201**	**2,506**	**3,074**	**4,735**		**4,976**		**4,543**
as a % of Subsequent Year Appropriations	*1.1%*	*6.1%*	*13.1%*	*15.0%*	22.8%		23.1%		22.1%
Statutory Transfer to SERF and TRS Following Year End	-	(16)	-	(62)	(1,623)		(1,745)		(1,458)
Ending BRF Balance After Statutory Post-Close Transfer to SERS/TRS	**213**	**1,185**	**2,506**	**3,013**	**3,112**		**3,230**		**3,085**
as a % of Operating Expenditures	*1.1%*	*6.0%*	*13.1%*	*15.0%*	*15.0%*		*15.0%*		*15.0%*

Source: Annual Financial Reports of the State Comptroller, OPM Letter Dated November 10, 2021, and POS

Biennium Budget for FY 2022 to FY 2023

The State enacted a new biennium budget in June 2021 which addressed baseline operating shortfalls in the general fund totaling $1.9 billion for FY 2022 and $2.4 billion for FY 2023. The $1.9 billion FY 2022 gap was closed primarily with a $587 million upward revision in consensus revenues, $168 million in expenditure reductions and planned application of $560 million in ARPA funds. The $2.4 billion FY 2023 gap was closed primarily with a $330 million upward revision in consensus revenues, $222 million in expenditure reductions, and planned application of $1.2 billion in ARPA funds.

Revised estimates from the Comptroller as of November 2021 reflect a further improved revenue picture, with revenues now expected to come in $528 million (2.5%) higher in FY 2022 and $257 million (1.1% higher) in FY 2023. Based on these projections, $969 million in proceeds from the volatility cap plus $895 million in year end surplus funds would be available for deposit to the BRF following close of the fiscal year. Because the BRF is already funded to the statutory cap, this excess would be available to support another very sizable contribution of around $1.7 to pensions in excess of the ADEC.

Projected Revenue Update

Updated revenue projections from OPM's November 10 letter indicate further upward revisions to anticipated revenues above the adopted budget totaling $528 million (2.5%) for FY 2022 and $257 million (1.2%) for FY 2023. The latest revenue estimates assume the following:

- Personal income tax and pass-through entity tax collections are projected to decline 0.4% in FY 2022 to $11.8 billion but grow 1.9% in FY 2023 to $12.1 billion.

- Sales and use tax collections, which increased 11.0% YOY in FY 2021, are projected to decline 7.6% YoY in FY 2022 to $4.4 billion and increase 0.3% in FY 2023. Retail sales have trended unusually high following the initial months of the pandemic and KBRA views the projected decline as reflecting a conservative assumption that collections may revert closer to the pre-pandemic level as fiscal and monetary stimulus fade.

- Corporate income tax collections are projected to decline 3.3% in FY 2022 to $1.1 billion and decline 0.1% in FY 2023.

Figure 8

General Fund Revenues and Expenditures
Budgetary Modified Cash Basis (FYE June 30) (dollars in millions)

	Actual									Budget and Projected					
										2022			2023		
	2017	Δ YOY (%)	2018	Δ YOY (%)	2019	Δ YOY (%)	2020	Δ YOY (%)	2021	Adopted Budget	Δ (%)	Est 11/2021	Adopted Budget	Δ (%)	Est 11/2021
Revenues															
Personal Income Tax	8,989	19.8%	10,770	-10.5%	9,640	-2.5%	9,398	10.0%	10,340	10,361	0.0%	10,361	10,522	-0.1%	10,507
Pass-through Entity Tax	-	-	-	-	1,172	6.0%	1,242	24.8%	1,550	1,486	0.0%	1,486	1,568	0.0%	1,568
Less: Volatility Cap Deposit	-		(1,471)		(950)		(530)		(1,241)	(969)		(969)	(978)		(780)
Net PIT and Pass-Through Entity Tax	8,989	3.5%	9,299	6.1%	9,862	2.5%	10,109	5.3%	10,649	10,878	0.0%	10,878	11,112	1.6%	11,295
Federal Grants (excl. ARPA)	1,325	-13.7%	1,143	82.3%	2,084	-13.8%	1,797	-16.7%	1,496	1,852	20.6%	2,233	1,629	6.8%	1,739
Application of ARPA Funds	-		-		-		-		-	560		560	1,195		1,195
Sales and Use Tax	4,192	0.2%	4,202	3.2%	4,338	-0.5%	4,318	11.0%	4,793	4,275	3.6%	4,430	4,297	3.4%	4,442
Corporate Income Tax	1,038	-11.3%	921	15.2%	1,061	-11.9%	934	23.4%	1,153	1,116	0.0%	1,116	1,114	0.0%	1,114
Excise Taxes (Alcohol and Cigarettes)	445	-1.1%	440	-4.2%	421	-0.4%	419	2.6%	430	400	0.3%	401	383	0.7%	385
Indian Gaming Payments	270	1.1%	273	-6.6%	255	-35.6%	164	39.4%	229	246	0.0%	246	252	0.0%	252
Statutory Transfers from Other Funds	118	-7.3%	110	0.0%	110	24.0%	136	-15.8%	115	126	0.0%	126	122	0.0%	122
Other	1,326	36.6%	1,811	-16.2%	1,519	-48.3%	785	112.3%	1,667	1,568	-0.6%	1,559	1,706	-10.7%	1,523
Total Revenues	**17,703**	2.8%	**18,199**	8.0%	**19,650**	-2.3%	**19,194**	7.0%	**20,531**	**21,021**	2.5%	**21,549**	**21,810**	1.2%	**22,067**
Expenditures															
General Government	585	10.7%	648	0.8%	653	-2.8%	635	1.8%	646						
Public Safety	274	-5.3%	260	4.7%	272	3.2%	281	1.3%	284						
Conservation and Development	181	0.0%	181	-6.2%	170	0.9%	172	10.4%	189						
Health and Hospitals	1,190	-2.2%	1,163	2.6%	1,194	0.7%	1,203	3.4%	1,244						
Human Services	3,625	18.4%	4,292	0.5%	4,312	1.0%	4,357	-2.3%	4,258						
Education, Libraries and Museums	5,004	0.4%	5,025	3.7%	5,208	-1.0%	5,155	2.9%	5,304						
Corrections and Judicial	1,949	-2.0%	1,911	3.0%	1,968	1.8%	2,004	-0.5%	1,994						
Debt Service	1,935	1.1%	1,956	13.8%	2,225	-0.9%	2,205	0.5%	2,216						
Other	3,020	5.1%	3,175	2.3%	3,247	-2.1%	3,179	3.7%	3,297						
Total Expenditures	**17,763**	4.8%	**18,611**	3.4%	**19,249**	-0.3%	**19,189**	1.3%	**19,431**	**20,746**			**21,534**		

Source: Annual Financial Reports of the State Comptroller, OPM Letter Dated November 10, 2021, and POS

FY 2020 Audited GAAP Results

Audited results from the State's FY CAFR confirm stable performance in FY 2020 despite the impact of the pandemic in the final few months of the fiscal year. Of the $1.38 billion of CARES Act funds received by the State in FY 2020, $63.5 million was spent during the fiscal year with the remaining balance anticipated to be fully utilized by December 31, 2021. Revenues declined $714 million (3.4%) YoY due to pandemic related headwinds while expenditure increased $368 million (2.0%). Net other financing uses additionally declined by $285 million (19.6%) YoY reflecting reduced transfers in support of the University of Connecticut and other non-major governmental funds. In sum, general fund balance increased $170 million (8.0%) YoY to $2.3 million including an assigning BRF balance of $3.0 billion balanced by a deficit unassigned fund balance of $1.0 billion.

Figure 9

General Fund Summary Statement of Income and Balance Sheet FYE June 30 (Audited, GAAP Basis) (dollars in millions)	2016	2017	2018	2019	2020
Statement of Income					
Revenues	18,215	18,502	20,663	20,776	20,062
Expenditures	17,444	17,138	18,077	18,358	18,726
Excess (Deficiency) of Rev. Over Exp.	771	1,364	2,586	2,418	1,336
Other Financing Sources (Uses)	(1,195)	(1,243)	(940)	(1,451)	(1,166)
Net Change in Fund Balance	**(424)**	**121**	**1,646**	**968**	**170**
Fund Balance (Deficit) - Beginning	(190)	(614)	(494)	1,151	2,121
Change in Reserve for Inventories	(0)	(1)	(0)	2	2
Fund Balance (Deficit) - Ending	**(614)**	**(494)**	**1,151**	**2,121**	**2,293**
Balance Sheet					
Assets					
Cash and Cash Equivalents	-	-	481	1,927	1,078
Taxes Receivable, Net	1,321	1,381	1,801	1,781	3,081
All Other	532	543	1,041	709	742
Total Assets	**1,853**	**1,924**	**3,323**	**4,417**	**4,901**
Liabilities					
Accounts Payable and Accrued Liabilities	**334**	**350**	**373**	**358**	**596**
Due to Other Funds	**432**	**356**	**84**	**75**	**84**
All Other	**1,123**	**1,062**	**1,030**	**1,049**	**1,151**
Total Liabilities	**1,889**	**1,768**	**1,487**	**1,482**	**1,831**
Deferred Inflows of Resources	578	650	685	814	777
Fund Balances					
Nonspendable	53	54	56	62	69
Committed for:	-	-	-	-	-
Continuing Appropriations	97	60	134	165	139
Budget Reserve Fund	**236**	**213**	**1,201**	**2,506**	**3,013**
Future Budget Years	-	-	-	-	-
Assigned to Surplus Transfer for 2020-2021	-	-	-	160	144
Unassigned	(999)	(821)	(241)	(771)	(1,072)
Fund Balance (Deficit) - Ending	(614)	(494)	1,151	2,121	2,293
Budget Reserve Fund as a % of Expenditures	*1.4%*	*1.2%*	*6.6%*	*13.6%*	*16.1%*
Unassigned Fund Balance as a % of Expenditures	*-5.7%*	*-4.8%*	*-1.3%*	*-4.2%*	*-5.7%*
Total Fund Balance as a % of Expenditures	*-3.5%*	*-2.9%*	*6.4%*	*11.6%*	*12.2%*

Source: State of Connecticut CAFRs FY 2016 to FY 2020

Liquidity Position

The common cash pool represents the State's operating cash and includes the BRF. Available cash includes bond funds and other balances which can be made available to the common cash pool through temporary transfers under long established State practice. The State's level of cash in the common cash pool at a given point in the fiscal year reflects the seasonality of cash flow. The level of total available cash is impacted both by the rate of bond issuance and the rate of spending from those bond funds. The State has no plans to issue cash flow notes.

Figure 10

Available Cash Balance FYE June 30 (dollars in millions)	2016	2017	2018	2019	2020	2021	10/30/2021
Common Cash Pool	$821	$1,101	$1,871	$3,558	$4,353	$9,964	$8,155
Total Available Cash	$1,764	$2,657	$3,399	$4,827	$5,725	$11,551	$9,411

Source: State of Connecticut Treasurer's Office | Treasurer's Cash and Debt Monthly Reports.

RD 4: State Resource Base

The State's economic base is highly developed but experienced slow growth in the years leading up to the pandemic, as discussed below. Connecticut's employer base remains diverse and productive. In 2020, 13 "Fortune 500" companies were headquartered in Connecticut, including Cigna, Charter Communications, Hartford Financial Services, and Stanley Black & Decker. The defense companies Lockheed Martin, Raytheon Technologies, and General Dynamics are a major component of the State's economy. General Dynamics's $22.2 billion federal contract for submarine production is expected to entail thousands of new hires. Financial companies, including investment firms and insurance companies, continue to constitute a large part of the State's economy.

Population

The decennial Census results in 2020 showed that Connecticut's population grew by 0.89% since 2010. This slight growth was significantly slower than New England's 2.39% increase, not to mention the overall country's 7.35% growth.

During the pandemic, there have been indications of a shift from the out-migration of earlier years to in-migration, arguably thanks to a trend of urban residents seeking the space offered by suburbs. CBRE, the commercial real estate company, found that in 2020, 27,000 New York-Newark-Jersey City area residents relocated to Connecticut, particularly to Fairfield County, which is the State's closest county to New York City.

Figure 11

Population Change

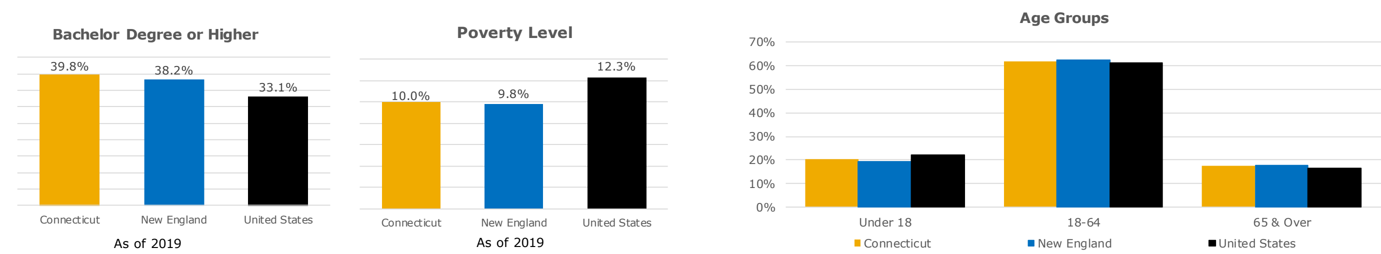
	2000	2010	2020	10-Yr CAGR	10-Yr Change
Connecticut	3,405,565	3,574,097	3,605,944	0.09%	0.89%
New England	7,573,420	7,897,236	8,086,288	0.24%	2.39%
United States	281,421,906	308,745,538	331,449,281	0.71%	7.35%

Source: U.S. Census Bureau Decennial Population Counts

Educational Attainment, Poverty, and Age Groups

Educational attainment in Connecticut and the New England region has historically outperformed the U.S. In 2019, poverty in the State was below the U.S. average. Additionally, the proportion of working age individuals in Connecticut's population is slightly higher than the U.S. level.

Figure 12



	Point Δ 2010 to 2019	Point Δ 2010 to 2019
Connecticut	4.3	-0.1
New England	5.2	-1.8
United States	4.9	-3.0

	Under 18	18-64	65 & Over	Age Dependecy Ratio
Connecticut	20%	62%	18%	61.4%
New England	20%	63%	18%	59.7%
United States	22%	61%	16%	63.1%

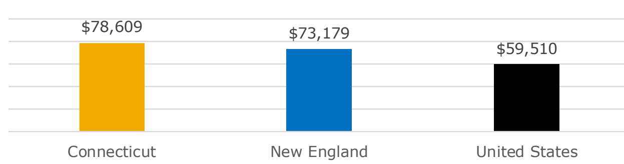
Source: U.S Census
Bachelor degree or higher defined as "% of population over 25 with Bachelor's degree or higher".
Poverty level defined as "portion of population living below the poverty line".

Per Capita Personal Income

Personal income per capita at $78,609 in 2020 is the highest in the country, reflecting the concentration of the State's economy in high value-added industries and the State's proximity to New York City for white-collar employers commuting from the suburbs. Per capita income growth, however, has lagged the region and the country, as presented in figure 13.

Figure 13

Personal Income Per Capita



As of 2020

	% Δ 2010 to 2020	Comparison	
Connecticut	27.3%	-	
New England	40.7%	107%	of Region
United States	46.3%	132%	of U.S.

Source: U.S. Bureau of Economic Analysis

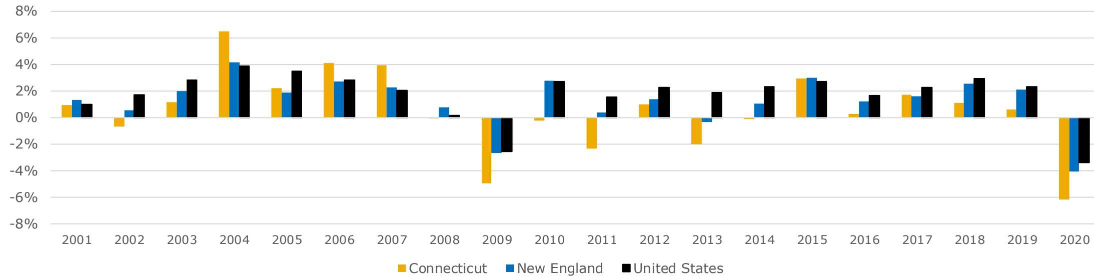
Real Gross State Product

Connecticut's real (inflation adjusted) GSP experienced a more pronounced decline and weaker recovery following the Great Recession than the region and U.S. overall. The financial services and pharmaceutical sectors were among the sectors that shrunk. Total change in real GSP from 2010 to 2020 was -3.5%. Per onset of the pandemic, real GSP declined 6.2% in 2020, larger than that of New England overall (down 4.1%) and U.S. (down 3.4%). State officials suggests the leisure and hospitality sector will expand going forward in part thanks to the growth of casinos as pandemic constraints ease.

Figure 14

Real GSP Annual Change

(chained 2012 dollars)



($ in Millions)	2000	2010	2020	% Δ 2010 to 2020	10-Year CAGR (2020)
Connecticut	216,157,600	244,354,700	235,888,600	-3.5%	-0.4%
New England	747,744,800	871,286,600	948,806,200	8.9%	0.9%
United States	13,138,035,000	15,648,991,000	18,384,687,000	17.5%	1.6%

Source: U.S. Bureau of Economic Analysis

Employment

During the 2010s, the State's unemployment rate generally underperformed or matched the national level. Job growth in Connecticut underperformed the U.S. from 2015 through 2019. After spiking in the first several months of the pandemic, Connecticut's not seasonally adjusted unemployment rate recovered to 5.4% as of September 2021, though this remained higher than New England's (4.7%) and that of the U.S. (4.6%).

Figure 15

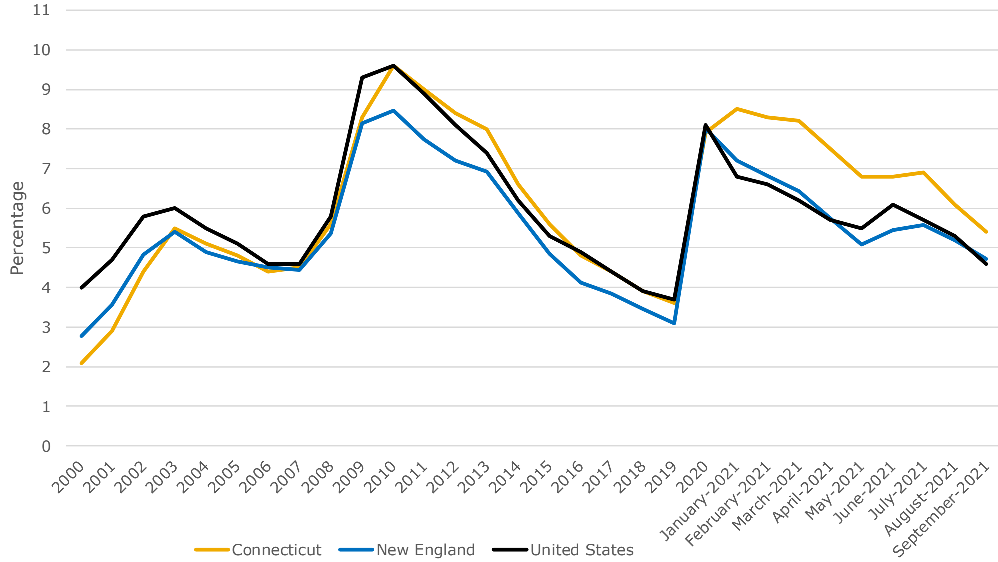
Total Employment (Not Seasonally Adjusted)(In Thousands)

	Connecticut	% Δ	New England	% Δ	United States	% Δ
2000	1,724		7,138		136,891	
2001	1,699	-1.5%	7,120	-0.3%	136,933	0.0%
2002	1,698	0.0%	7,125	0.1%	136,485	-0.3%
2003	1,688	-0.6%	7,100	-0.4%	137,736	0.9%
2004	1,687	-0.1%	7,118	0.2%	139,252	1.1%
2005	1,708	1.2%	7,164	0.6%	141,730	1.8%
2006	1,750	2.5%	7,260	1.3%	144,427	1.9%
2007	1,773	1.3%	7,311	0.7%	146,047	1.1%
2008	1,772	0.0%	7,297	-0.2%	145,362	-0.5%
2009	1,731	-2.3%	**7,097**	-2.7%	139,877	-3.8%
2010	**1,728**	-0.2%	7,102	0.1%	**139,064**	-0.6%
2011	1,742	0.8%	7,154	0.7%	139,869	0.6%
2012	1,730	-0.7%	7,192	0.5%	142,469	1.9%
2013	1,719	-0.6%	7,204	0.2%	143,929	1.0%
2014	1,764	2.6%	7,348	2.0%	146,305	1.7%
2015	1,786	1.2%	7,437	1.2%	148,834	1.7%
2016	1,801	0.9%	7,532	1.3%	151,436	1.7%
2017	1,819	1.0%	7,638	1.4%	153,337	1.3%
2018	1,831	0.6%	7,758	1.6%	155,761	1.6%
2019	1,848	1.0%	7,822	0.8%	157,538	1.1%
2020	1,725	-6.7%	7,212	-7.8%	147,795	-6.2%
September-2021	1,718	-0.4%	7,466	3.5%	154,026	4.2%
Change Great Recession Trough to 2019	7.0%		10.1%		13.3%	
Change 2019 Avg to Sep 2021	-7.1%		-4.6%		-2.2%	

Source: U.S Bureau of Labor Statistics

Bold = trough during the Great Recession (2008-2012)

Figure 16
Unemployment Rates



	Connecticut	New England	United States
September-2021	5.4	4.7	4.6
Great Recession Peak	9.6	8.5	9.6
Point Δ Since Great Recession Peak	-4.2	-3.8	-5.0

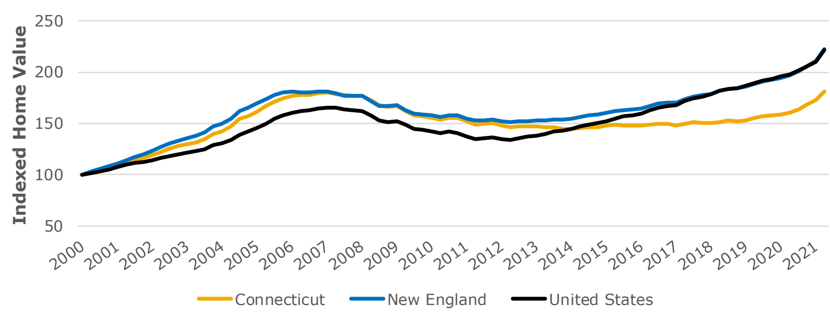
Source: U.S Bureau of Labor Statistics

Home Values

After the Great Recession, Connecticut home values remained stagnant well into the 2010s, after overall home values for the region and the country had begun recovering in earnest. The State's home values performed well through the pandemic, with growth from Q4 2019 to Q2 2021 of 14.6%, roughly consistent with New England and the U.S. In fact, by Q2 2021, Connecticut's Home Price Index finally exceeded the prior peak in Q1 2007.

Figure 17

Home Values
All Transaction Home Price Index Data 2000 Q1 to 2021 Q2



Source: Federal Housing Finance Agency

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