S&P Global
Ratings

RatingsDirect®

State of Connecticut; Appropriations; Gas Tax; General Obligation; General Obligation Equivalent Security; Moral Obligation; Public Coll/Univ - Unlimited Student Fees

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Table Of Contents

State of Connecticut; Appropriations; Gas Tax; General Obligation; General Obligation Equivalent Security; Moral Obligation; Public Coll/Univ - Unlimited Student Fees

Credit Profile		
Connecticut GASTAX		
Long Term Rating	AA-/Positive	Affirmed
Connecticut GO		
Long Term Rating	A+/Positive	Affirmed
Connecticut GO		
Long Term Rating	A+/Positive	Affirmed
Connecticut GO		
Long Term Rating	A+/A-1/Positive	Outlook Revised
Connecticut GO (BAM) (SECMKT)		
Unenhanced Rating	A+(SPUR)/Positive	Rating Assigned

Rating Action

S&P Global Ratings revised its outlook to positive from stable on the State of Connecticut and affirmed its 'A+' long-term rating on the state's outstanding general obligation (GO) debt. S&P Global Ratings also assigned its 'A+' rating, with a positive outlook, to the state's approximately $1.068 billion series 2022 GO bonds, consisting of:

- $350 million GO bonds, series 2022A;
- $150 million GO bonds, series 2022C; and
- $567.6 million GO refunding bonds, series 2022D.

The outlook revision to positive from stable reflects our view that there is a one-in-three chance we could raise our rating on the state over the two-year outlook horizon should Connecticut continue to demonstrate a firm commitment beyond the current biennium that supports structural balance and reducing its very high debt, pension, and other postemployment liabilities, while also preserving budget reserve fund (BRF) balances near statutory limits to manage potential economic headwinds and future budgetary pressures.

We also revised our outlook to positive from stable and affirmed our 'A+' rating on debt secured by a special capital reserve fund--which we view on par with that of the state's GO rating–that includes various issues by the Connecticut Housing Finance Authority, Connecticut Health and Educational Facilities Authority, and Connecticut Green Bank, as well as various other state-supported GO-equivalent securities, including GOs of the University of Connecticut secured by the state's debt service commitment (DSC). At the same time, we revised our outlook to positive from stable and affirmed our 'A' rating on Connecticut's appropriation-secured debt to and our 'BBB+' rating on obligation secured by the state's moral obligation. We also revised our outlook to positive from stable on the state's series 2016C GO bonds and Capital Region Development Authority series 2004B bonds, with liquidity support provided by Bank of America, which are rated 'A+/A-1'.

Finally, we revised our outlook to positive from stable and affirmed our rating on Connecticut's special tax obligation (STO) transportation fund-secured debt, which under our "Priority-Lien" criteria, published Oct. 22, 2018, is limited to one notch above our GO rating.

The series 2022A (taxable), series 2022C (tax-exempt) and 2022D (tax-exempt) GO bonds constitute general obligations of the state, of which the state has pledged its full faith and credit and its taxing power toward repayment. The series A and C bonds are new-money issuance to finance various general-purpose projects authorized under public acts of the state. The series D bonds will be used to refund all or a portion of maturities and principal amounts of outstanding GO bonds previously issues for general state purpose projects.

Credit overview

Connecticut's rating reflects a strong economy, with the highest per capita income levels in the nation, but a history of cyclical finances and very high debt, pension, and OPEB liabilities. We view Connecticut's enactment of statutorily based financial and debt issuance controls--that are imposed within GO bond covenants--as underpinning Connecticut's financial resiliency over the past five fiscal years, including during a period of pandemic-induced economic pressure. The positive outlook incorporates our expectation that the state will continue its disciplined long-term focus on debt reduction and structural budget solutions that mitigate projected out-year budget gaps in the fiscal 2024-2025 biennium (estimated at approximately $802 million, or 3.5% of baseline general fund expenditures for fiscal 2024, and $531.4 million, or 2.3%, for fiscal 2025)--particularly as extraordinary federal funds diminish and a portion of entitlement program costs (e.g., Medicaid) shift back to the state--while also demonstrating a sustained commitment to reducing, or containing, future fixed-cost growth of its very high debt and postretirement liabilities.

We believe Connecticut has recently demonstrated a commitment to restoring budget reserves during periods of economic and revenue growth that could insulate its finances from recessionary headwinds. State officials estimate that Connecticut will yield general fund surpluses at the end of fiscal years 2022 and 2023 and grow the projected biennium-end BRF balance to $3.31 billion, or a strong 15% of fiscal 2023 general fund appropriations (including mid-biennium budget adjustments) for the third consecutive fiscal year. Deposits of surplus revenues had met or exceeded the 15% statutory reserve cap in the BRF at the end of fiscal years 2020 and 2021. In confluence with the state's high reserves, that state has also recently sustained strong cash balances.

Connecticut's Office of Policy and Management (OPM) and Office of Fiscal Analysis (OFA) consensus revenue forecast on May 2, 2022, reflects a large upward revenue revision equal to 6.9% above the enacted budget estimate and a projected 7.2% increase in general fund revenue for fiscal 2023, outpacing growth rates assumed in the previous (January 2022) consensus revenue forecast. However, we believe economic conditions could curtail revenue growth in the fiscal 2024-2025 biennium. OPM conservatively estimates that the economic growth rate of general fund revenue could decline to negative 0.4% in 2024 and return to more modest growth of 2.9% in 2025, far below the average revenue growth rate of 6.1% estimated for the current biennium. OPM officials project that out-year structural gaps (including recently enacted revenue and expenditure changes) could amount to 3.5% of baseline general fund expenditures for fiscal 2024, 2.3% for fiscal 2025, and 1.2% for fiscal 2026. The decline in projected out-year gaps is the result of slowing fixed cost growth relative to revenue growth.

Connecticut's governor signed into law a mid-biennium budget that reflects an increase in fiscal 2023 revenue by $578.4 million even after a of $643.1 million reduction in revenue to provide taxpayer relief. Fiscal 2023 appropriations are budgeted to increase by approximately 2.6% above the original biennial budget. In our view, most of the revenue and appropriation adjustments enacted reflect one-time changes. Due to better-than-expected revenue projections for the current and next fiscal year, the state adjusted the mid-biennium budget to eliminate the appropriation of $559.9 million of American Rescue Plan (ARP) Act recovery funds in fiscal 2022 and reduced fiscal 2023 appropriations of ARP funds to $314.9 million for the replacement of revenue losses (an $880 million reduction from the enacted biennial budget, or 4% of appropriations). The state budgeted to use nearly $1.75 billion in the enacted 2022-2023 biennial budget, but it will now use the vast majority (89%) of its $2.83 billion in ARP funding allocation for one-time purposes.

On May 20, 2022, OPM issued a report indicating that Connecticut could finish fiscal 2022 with a projected general fund surplus of $956.4 million, or 4.6% of the general fund budget, while revenue transfers exceeding the state's revenue volatility cap could grow to nearly $2.84 billion at the end of the current fiscal year, which we view as significant. The state projects BRF reserves to total $6.91 billion, or 31.3% of revised fiscal 2023 expenditures, which, if projections hold, would exceed the BRF limit of 15% of general fund appropriations for a third consecutive year. OPM estimates that the net adjusted amount in excess of the 15% (totaling $3.6 billion for fiscal 2022) could be transferred toward additional paydown of the State Employees' Retirement System (SERS) and Teachers' Retirement System (TRS) pension plan liabilities, which we view as significant and could alleviate future credit pressure.

We estimate that when combined with the approximately $1.68 billion in extraordinary ADC payments during the fiscal 2020-2021 biennium, these projected year-end pension contributions could directly reduce unfunded pension liabilities across these plans by nearly $5.28 billion, or approximately 13% of the total unfunded liability for SERS and TRS, a material reduction in unfunded retirement liabilities, which nevertheless remain high. Due to the state's change to a level dollar amortization of its pension liabilities, OPM estimates that these excess contributions (through the end of fiscal 2022) could produce approximately $440 million to $450 million in recurring annual ADC cost savings in future years. If the magnitude and frequency of excess pension contributions are sustained over time, and we believe the long-term growth trajectory of its long-term liabilities is meaningfully reduced, we could view these additional pension contributions a credit positive for the state.

While the state's larger-than-expected pension contributions in fiscal years 2020 and 2021 represent near-term progress toward addressing its high and underfunded state pension liabilities, we believe Connecticut will remain challenged in its efforts to curtail significant fixed-cost pressures beyond the outlook horizon. The state's combined debt service, pension, other post-employment benefits (OPEBs) costs comprise a large 30% of fiscal 2022 appropriations. When factoring in Connecticut's high proportionate state-only share of entitlement programs (e.g., Medicaid, other social service assistance), these all-in fixed costs comprise 51.5% of the state's general fund appropriations in fiscal 2022, which, in our opinion, could pose a significant obstacle to solving budgetary gaps in future recessions.

The GO rating on Connecticut reflects our view of the state's:

- High-income levels supported by a diverse economic base, although an aging population and flat total population are contributing to slower economic growth which could weaken revenue growth over the long term;
- Active monitoring of revenues and expenditures, including monthly reporting and consensus revenue forecasting three times annually, and the authority of the executive branch to make mid-year adjustments to the budget;
- Increase in budget reserves to a very strong 15% of expenditures for fiscal years 2020 and 2021 from a low 1.1% of expenditures at fiscal year-end 2017, and a projected BRF balance to be sustained at the statutory cap of 15% through the end of the fiscal 2022-2023 biennium. The state projects a substantial $3.6 billion transfer of additional contributions to pay down pension obligations.

Offsetting factors, in our opinion, include:

- High fixed costs, which could pose a major impediment to solving future budget gaps during economic recessions. Currently combined debt service, pension, OPEB, Medicaid, and other entitlement costs comprise 51.5% of Connecticut's fiscal 2022 budgeted expenditures; and
- High and significantly underfunded pension and OPEB liabilities, although the state has adopted more realistic plan assumptions, is funding full annual ADCs to its retirement systems and prefunding an OPEB trust fund, and it projects to make substantial excess contributions above its revenue volatility cap, which could help hold down the pace of projected future cost increases related to long-term liabilities.

Environmental, social, and governance

ESG indicators: E-2, S-2, G-2

In our view, Connecticut's environmental risks have no material influence on our credit rating analysis. The state's 618-mile coastline is adjacent to Long Island Sound and the Atlantic Ocean could expose it to coastal and inland flooding caused by acute- and chronic-physical climate risks. However, we view state-level efforts to incorporate resiliency and adaptation in agencies' long-term planning and capital investments to harden critical infrastructure exposed to physical risks as sufficient mitigants. We consider Connecticut's social capital risks to have an overall neutral influence on its credit profile as we view recent in-migration trends and agency-level planning that anticipate future service needs help mitigate potential demographic pressures. We view the state's governance risks as an overall neutral influence on our credit rating analysis, although we recognize that future changes to risk-management culture and oversight of the state's high-to-very high fixed costs could constrain expenditure flexibility and financial performance if left unmitigated. We view implemented reforms to the state's pension and OPEB plans and a strong management and policy framework--including forecasting fixed costs and statutory allowances to pre-fund its liabilities--as demonstrating a governance structure supporting the state's ability to manage these fixed costs and other developing risks over the long term.

Positive Outlook

Upside scenario

We could raise the rating if the state maintains tax-supported bonding needs at levels significantly lower than those of previous fiscal years, while also demonstrating what we view as a long-term commitment to structural budgetary balance and upholding statutory governance provisions in the fiscal 2024-2025 biennial budget that support Connecticut's maintenance of reserves at currently very strong levels, while also making sustainable progress in reducing the state's overall debt burden, pension, and OPEB liabilities.

Return to stable scenario

We could revise the outlook to stable if the state is unable to reach consensus on recurring budget solutions that close projected out-year fiscal gaps and sustain structural stability in its fiscal 2024-2025 biennial budget, or if Connecticut demonstrates a weakened commitment to sustaining its reserve and liquidity position at currently high levels. In addition, we could revise the outlook to stable if, pursuant to our state rating criteria, we believe future tax supported debt will rise to levels we view less sustainable, leading us to we calculate most of our debt indicators are one-third or more above thresholds we view as high, triggering a one-notch rating override.

Based on the analytic factors that we evaluate for states, on a scale of '1.0' (strongest) to '4.0' (weakest), we have assigned a composite score of '2.1' to Connecticut, an anchor of the 'AA-' rating. However, we use our discretionary ability to rate one notch below the anchor rating based on the state's high fixed costs and very high debt and liability burden, compounded by lagging economic growth compared with that of peers to arrive at our 'A+' rating.

Credit Opinion

Connecticut's economic post-pandemic recovery continues, but demographic trends and inflationary pressures could slow the pathway to full recovery

The U.S. is facing more headwinds than what S&P Global Economics had expected in its March 2022 forecast. GDP unexpectedly fell by an annualized 1.4% in the first quarter, and we anticipate that economic conditions will be additionally affected by a slower recovery of supply chains, normalizing of monetary policy, rising and more volatile energy and commodity prices, and the ongoing geopolitical conflicts. Against the backdrop of higher inflation, the Federal Reserve voted to increase its benchmark federal funds rate by a half percentage point, the second of what we expect could be six rate hikes in 2022, with five more hikes assumed in 2023-2024. S&P Global Economics lowered its U.S. GDP growth forecast for 2022 to 3.2% from 3.9%, and to 2.1% for 2023. This follows a real GDP growth rate of 5.7% for 2021. We expect supply chain disruptions will remain the largest stumbling block for the U.S. economy, with headline inflation potentially reaching 6.7% in 2022 and 2.6% in 2023, higher than S&P Global Economics' previous forecast. Part of this is due to rising energy costs, with oil and gas prices, on average, about 30% higher in 2022 than those assumed in the baseline. We recognize that risks have increased, and S&P Global Economics has kept its assessment of recession risk in a range of 25% to 35% over the next 12 months. For more information, see "Global Macro Update: Growth Forecasts Lowered On Longer Russia-Ukraine Conflict And Rising Inflation," published May 17, 2022, on RatingsDirect, and "Economic Outlook U.S. Q2 2022: Spring Chills," March 29, 2022. The U.S. Bureau of Labor Statistics' April 2022 jobs report indicates the U.S. labor market recovery is robust, but we continue to monitor Connecticut's long-term path out of the current economic cycle.

As the state continues to climb out of the depths of the downturn, we anticipate Connecticut will reach its pre-pandemic output and unemployment levels slower than its peers. IHS Markit revised its estimates that the state's gross state product (GSP) reverted to growth in 2021 at 4.2%, but is projected to fall back to a shallower 2.4% and 2.1% real GSP growth rate in 2022 and 2023, respectively, slower than the national level over the same period. As of March 2022, the state's unemployment rate was 4.6%, approximately 1% above the national average, although we will continue to monitor in tandem with other measures of labor market health, including its labor participation rate, which characteristically perform above the U.S. level.

An important credit consideration for Connecticut will be the track of its population growth and aging of its prime working-age labor force, as the state faces growing demographic challenges that weigh on economic growth. Population growth over the past 10 calendar years (2010-2019) was essentially flat, compared with a compounded annual growth rate of 0.7% for the nation. In addition, the state also has an aging population, consistent with that of the rest of New England, that will likely contribute to slower economic growth and create higher service level demands that affect finances over time (see "Increasing Generational Dependency Poses Long-Term Social Risks to U.S. States' Fiscal And Economic Stability," Feb. 24, 2020). However, there is some evidence from Connecticut's real estate market that the state could have benefitted from in-migration during the pandemic. At the same time, a lack of inventory could put upward pressure on home sale and rental market prices. Home sales increased and median sale prices rose to $340,000, up nearly 4% compared with the previous year. The most significant increases came in southwestern Connecticut, which lies within the New York City metropolitan area. Whether this represents a long-term gain for the state or a short-term response to the pandemic remains unknown. If the state can continue to attract and retain new residents, it could bode well for future economic stability and growth.

On a scale from '1.0' (strongest) to '4.0' (weakest), S&P Global Ratings assigned a '2.2' to Connecticut's economy.

Revenue growth and federal stimulus contribute to resilient budgetary performance, but structural gaps could form in the next biennium

The state's enacted fiscal 2022-2023 biennium general fund appropriations total $20.7 billion (or 3.3% over the previous fiscal year's enacted budget) for fiscal 2022 and approximately $21.5 billion (3.8% growth over the fiscal 2022 enacted budget) for fiscal 2023. Prior to mid-biennium adjustments signed into law by the governor in May 2022, the enacted budget was balanced with the use of $559.9 million of one-time federal ARP revenue replacements for fiscal 2022 and approximately $1.19 billion for fiscal 2023. In accordance with the state's revenue cap, fiscal 2022 appropriations are set at 99% of projected revenue and fiscal 2023 appropriations are set at 98.75% of projected revenue, which provide the state with an additional $210.2 million and $272.6 million in surplus funds, respectively, to address potential gaps in the current biennial budget.

Based on year-to-date revenue performance and improving revenue forecasts, we generally expect that the state's budgetary conditions will remain at least stable and they will likely support healthy reserve and cash balances through the 2022-2023 biennium. However, in our view, Connecticut's commitment and the state's ability to manage its budget proactively to sustain structural balance beyond the current biennium--especially in response to diminishing future federal funding and a regularizing of programmatic expenditures (e.g., Medicaid and other social services)--will remain important to its long-term credit quality.

On a scale from '1.0' (strongest) to '4.0' (weakest), S&P Global Ratings assigned a score of '1.3' to Connecticut's budgetary performance.

Very high debt, pension, and OPEB liabilities could constrain credit quality

We view the state's tax-supported debt to be high by nearly all measures and its elevated debt burden has historically been a constraining factor on the rating.

Total tax-supported debt outstanding totaled $25.4 billion (including GO, transportation, and capital lease debt) as of June 30, 2020. This was equivalent to a very high $7,157 per capita, 8.7% of personal income, and 8.7% of GSP. We also calculate debt service at 13.9% of government spending but offset by rapid amortization. However, Connecticut slowed the rate of tax-supported debt issuances over the past four fiscal years. In conjunction with the state's rapid amortization of debt, we maintain the view that most of Connecticut's debt metrics will remain below a level that previously resulted in a one-notch override that lowered our anchor rating. Connecticut slowed its debt growth to an average 2.3% annually (fiscal years 2018-2021) compared with 7.3% annually in fiscal years 2014-2017. The state anticipates that GO bond allocations will remain level at approximately $1.4 billion in both calendar years 2022 and 2023, well below the peak of $2.68 billion in 2017, which could contribute to further moderation of its debt burden.

Pension and OPEB liabilities

Connecticut continues to adequately fund its pension liabilities and the state has adopted more conservative assumptions, although we view unfunded pension and OPEB liabilities as a significant credit pressure. The state's average pension funded ratio across all plans was approximately only 48.5% as of June 30, 2021.

The three-year average pension funded ratio was approximately 45.1%. The total unfunded liability of all plans is about $10,788 per capita, or a very high 13.1% of state personal income. Changes to funding of the states' unfunded pension liabilities include lowering its assumed rates of return to 6.9% from 8.0% for its two largest pension plans, a layered amortization method, and transitioning to a level-dollar funding method.

- We view the state's pension funding discipline as adequate as it annually contributes an amount in its major pension plans to cover static funding, but has traditionally not been enough to meet our minimum funding progress metric, although the continuation of additional pension contributions (like in 2020 and 2021) could help to exceed the minimum funding progress in future years. We also consider the state's net pension liability (NPL) high compared with that of peers and extremely underfunded.
- The state's OPEB liability is a source of credit pressure as the liability is high compared with that of peers, but recent actions to reduce the liability and pre-funding of an OPEB trust have resulted in a relatively stabilized unfunded liability.

Plans representing a significant portion of the state's NPL as of June 30, 2021, include:

- State Employees Retirement System: 41.6% funded with the state's applicable NPL $22.4 billion (actuarial valuation date as of June 30, 2021); and
- Teachers' Retirement System: 49.2% funded with the state's applicable NPL of $18.8 billion (actuarial valuation June 30, 2020).

We believe management factors and actuarial inputs do not significantly encumber or improve our view of the state's overall pension funding discipline. However, changes in recent years to lower the assumed rate of return, use a closed layered amortization method, and transition to a level-dollar funding plan should improve plan liquidity over the long term and stabilize future costs. In our opinion, reduction of the assumed rate of return to 6.9% across its largest plans and using a level-dollar amortization method should improve funding if funding discipline is maintained. We view the changes in assumptions favorably, but we recognize the reset in the amortization period to a longer duration was necessary to offset increasing costs. While the changes in assumptions more closely align with our guidance for evaluation pension risk, the state's large unfunded liability presents a continuing credit pressure.

The state's applicable net OPEB liability for the State Employee OPEB Plan was $23.5 billion, or about $6,600 per capita and approximately 8% of personal income, both of which are elevated metrics compared with other state OPEB plans. Recent actions to reduce the liability and pre-funding of an OPEB trust have resulted in a relatively stabilized unfunded liability. The plan was 6.1% pre-funded as the state has shown a commitment to increasing contributions above pay-as-you-go levels. The lower liability reflects a change in the discount rate due to the creation of a trust fund, lower liabilities resulting from changes in plan design negotiated with the State Employee Bargaining Agent Coalition, and various health care cost-containment initiatives.

Connecticut is also statutorily required to fund one-third of teacher pension OPEB costs, plus the shortfall left after employer and employee contributions. The teachers' net OPEB liability was $2.9 billion, and only 2.5% funded.

On a scale from '1.0' (strongest) to '4.0' (weakest), S&P Global Ratings assigned a score of '3.5' to Connecticut's debt and long-term liabilities.

Statutory reforms support a resilient government framework during recession

The government framework--including fiscal policy and intergovernmental funding within which each state taxes, spends, and issues debt--influences Connecticut's ability to manage through economic cycles.

Connecticut is required to put certain current statutory spending limitations into bond covenants for GO bonds sold after May 15, 2018. The covenants are in place until July 1, 2023, as an essentially unbreakable contractual obligation. Budgetary provisions include caps on expenditure growth and revenue, including budgeting for 99.5% of forecasted revenues in fiscal 2020 and declining in 0.25% increments until it reaches 98% in fiscal 2026 and thereafter. The state also enacted other reforms included limitations on the amount of tax-supported debt authorized and issued annually, and a "revenue volatility cap" that requires the state to transfer business pass-through tax, and certain annual income tax revenue receipts above $3.15 billion (adjusted annually by the five-year growth in personal income) and year-end surpluses to the BRF and to transfer any excess funds above the 15% statutory reserve cap to make additional payments toward the state's unfunded pension liabilities. The segregation of revenue under the revenue volatility cap was designed to capture expected one-time windfalls to bolster reserves and address longer-term liabilities, while also shielding Connecticut from historically cyclical income tax fluctuations.

In practice, the state exceeded the revenue volatility cap by more than $1.2 billion of fiscal 2021 revenue collections. When combined with the $475.9 million operating surplus for fiscal 2021, the state transferred approximately $1.62 billion in excess revenue above the 15% statutory BRF reserve cap to directly reduce the unfunded pension liabilities by $719.7 million in the State Employees' Retirement Fund (SERF) and $903.6 million in the Teachers' Retirement System (TRS) pension plans, which we view favorably.

Strong financial policies and budgetary management support credit stability

We consider Connecticut's management practices strong under our Financial Management Assessment (FMA) methodology. An FMA of strong indicates that, in our opinion, practices are robust, well embedded, and likely sustainable.

Key practices and policies of the state include:

- Development of consensus revenue estimates by the OPM and the legislature's OFA, as required by statute, on or by Nov. 10, Jan. 15, and April 30 of each year, and must cover a five-year period. In addition to its internal resources, Connecticut bases its revenue estimates on internal sources and outside data sources economic forecasting firms. The state's long-term financial planning includes a three-year forecast for the legislature in addition to the biennial budget.
- Statutorily required monthly revenue and expenditure forecasts measured against the budget, conducted by both OPM and Office of the State Comptroller. These two offices generate monthly reports projecting year-end surpluses or deficits.
- A five-year capital improvement plan as part of the annual November update.
- Statutes that prescribe the investment of state funds and debt management policies that guide amortization and issuance. Dedicated staff monitors investments and generates monthly reports. Connecticut also holds at least quarterly meetings with the investment advisory commission.
- Statutorily authorized BRF at a maximum of 15% of general fund appropriations. It prescribes that all unappropriated general fund surpluses must be transferred into the state's BRF, and that the fund can only be drawn on to fund operating deficits. The imposition of bond covenants during the fiscal 2018-2019 biennium mandates revenues above its volatility cap to go into the reserve.

If the comptroller reports a projected general fund deficit of greater than 1%, the governor is required to file a deficit-mitigation plan. Although the governor might reduce appropriations, this is limited to 5% of total appropriations and 3% of any fund, with any additional reductions requiring legislative approval. Legislative deliberation relating to interim budget adjustments has contributed to a delay in addressing budget gaps at times. The state is allowed to end the year in a deficit position, which has periodically been addressed with deficit bonds. However, statutory provisions provide that any new budget deficit after fiscal 2013 must be funded in the budget of the year following the next fiscal year (when the magnitude of the previous budget deficit has become fully known). Gap-closing solutions in previous biennia have relied on significant nonrecurring measures and structural solutions.

On a scale from '1.0' (strongest) to '4.0' (weakest), S&P Global Ratings assigned a score of '1.5' to Connecticut's financial management.

Related Research

Through The ESG Lens 3.0: The Intersection Of ESG Credit Factors And U.S. Public Finance Credit Factors, March 2, 2022

Ratings Detail (As Of May 23, 2022)

Ratings Detail (As Of May 23, 2022) (cont.)		
Connecticut APPROP		
Long Term Rating	A/Positive	Affirmed
Connecticut GASTAX		
Long Term Rating	AA-/Positive	Affirmed
Connecticut GASTAX		
Long Term Rating	AA-/Positive	Affirmed
Connecticut GASTAX (BAM)		
Unenhanced Rating	AA-(SPUR)/Positive	Affirmed
Connecticut GASTAX (BAM)		
Unenhanced Rating	AA-(SPUR)/Positive	Affirmed
Connecticut GASTAX (BAM) (SECMKT)		
Unenhanced Rating	AA-(SPUR)/Positive	Affirmed
Connecticut GASTAX (BAM) (SECMKT)		
Unenhanced Rating	AA-(SPUR)/Positive	Affirmed
Connecticut GASTAX (BAM) (SECMKT)		
Unenhanced Rating	AA-(SPUR)/Positive	Affirmed
Connecticut GASTAX (BAM) (SECMKT)		
Unenhanced Rating	AA-(SPUR)/Positive	Affirmed
Connecticut GO		
Long Term Rating	A+/Positive	Affirmed
Connecticut GO		
Long Term Rating	A+/Positive	Affirmed
Connecticut GO		
Long Term Rating	A+/Positive	Affirmed
Connecticut GO		
Long Term Rating	A+/Positive	Affirmed
Connecticut GO		
Long Term Rating	A+/Positive	Affirmed
Connecticut GO		
Long Term Rating	A+/Positive	Affirmed
Connecticut GO		
Long Term Rating	A+/Positive	Affirmed
Connecticut GO		
Long Term Rating	A+/Positive	Affirmed
Connecticut GO		
Long Term Rating	A+/Positive	Affirmed
Connecticut GO		
Unenhanced Rating	A+(SPUR)/Positive	Affirmed
Connecticut GO		
Unenhanced Rating	A+(SPUR)/Positive	Affirmed

Ratings Detail (As Of May 23, 2022) (cont.)		
Connecticut GO		
Unenhanced Rating	A+(SPUR)/Positive	Affirmed
Connecticut GO (AGM)		
Unenhanced Rating	A+(SPUR)/Positive	Affirmed
Connecticut GO (AGM)		
Unenhanced Rating	A+(SPUR)/Positive	Affirmed
Connecticut GO (AGM)		
Unenhanced Rating	A+(SPUR)/Positive	Affirmed
Connecticut GO (AGM)		
Unenhanced Rating	A+(SPUR)/Positive	Affirmed
Connecticut GO (AGM)		
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Connecticut GO (AGM) (SECMKT)		
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Connecticut GO (AGM) (SECMKT)		
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Connecticut GO (AGM) (SECMKT)		
Unenhanced Rating	A+(SPUR)/Positive	Affirmed

Ratings Detail (As Of May 23, 2022) (cont.)		
Connecticut GO (BAM)		
Unenhanced Rating	A+(SPUR)/Positive	Affirmed
Connecticut GO (BAM)		
Unenhanced Rating	A+(SPUR)/Positive	Affirmed
Connecticut GO (BAM)		
Unenhanced Rating	A+(SPUR)/Positive	Affirmed
Connecticut GO (BAM)		
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Unenhanced Rating	A+(SPUR)/Positive	Affirmed
Connecticut GO (BAM) (SECMKT)		
Unenhanced Rating	A+(SPUR)/Positive	Affirmed
Connecticut GO (BAM) (SECMKT)		
Unenhanced Rating	A+(SPUR)/Positive	Affirmed
Connecticut GO (BAM) (SECMKT)		
Unenhanced Rating	A+(SPUR)/Positive	Affirmed
Connecticut GO (BAM) (SECMKT)		
Unenhanced Rating	A+(SPUR)/Positive	Affirmed
Connecticut GO (BAM) (SECMKT)		
Unenhanced Rating	A+(SPUR)/Positive	Affirmed
Connecticut GO (BAM) (SECMKT)		
Unenhanced Rating	A+(SPUR)/Positive	Affirmed
Connecticut GO (BAM) (SECMKT)		
Unenhanced Rating	A+(SPUR)/Positive	Affirmed
Connecticut GO (BAM) (SECMKT)		
Unenhanced Rating	A+(SPUR)/Positive	Affirmed

Ratings Detail (As Of May 23, 2022) (cont.)		
Connecticut GO (BAM) (SECMKT)		
Unenhanced Rating	A+(SPUR)/Positive	Affirmed
Connecticut GO (BAM) (SECMKT)		
Unenhanced Rating	A+(SPUR)/Positive	Affirmed
Connecticut GO (BAM) (SECMKT)		
Unenhanced Rating	A+(SPUR)/Positive	Affirmed
Connecticut GO (BAM) (SECMKT)		
Unenhanced Rating	A+(SPUR)/Positive	Affirmed
Connecticut GO (BAM) (SECMKT)		
Unenhanced Rating	A+(SPUR)/Positive	Affirmed
Connecticut GO (BAM) (SECMKT)		
Unenhanced Rating	A+(SPUR)/Positive	Affirmed
Connecticut GO (BAM) (SECMKT)		
Unenhanced Rating	A+(SPUR)/Positive	Affirmed
Connecticut GO (BAM) (SECMKT)		
Unenhanced Rating	A+(SPUR)/Positive	Affirmed
Connecticut GO (BAM) (SECMKT)		
Unenhanced Rating	A+(SPUR)/Positive	Affirmed
Connecticut GO (BAM) (SECMKT)		
Unenhanced Rating	A+(SPUR)/Positive	Affirmed
Connecticut GO (BAM) (SECMKT)		
Unenhanced Rating	A+(SPUR)/Positive	Affirmed
Connecticut GO (BAM) (SECMKT)		
Unenhanced Rating	A+(SPUR)/Positive	Affirmed
Connecticut GO (BAM) (SECMKT)		
Unenhanced Rating	A+(SPUR)/Positive	Affirmed
Connecticut GO (BAM) (SECMKT)		
Unenhanced Rating	A+(SPUR)/Positive	Affirmed
Connecticut GO (BAM) (SECMKT)		
Unenhanced Rating	A+(SPUR)/Positive	Affirmed
Connecticut GO (BAM) (SECMKT)		
Unenhanced Rating	A+(SPUR)/Positive	Affirmed
Connecticut GO (BAM) (SECMKT)		
Unenhanced Rating	A+(SPUR)/Positive	Affirmed
Connecticut GO (BAM) (SECMKT)		
Unenhanced Rating	A+(SPUR)/Positive	Affirmed
Connecticut GO (BAM) (SECMKT)		
Unenhanced Rating	A+(SPUR)/Positive	Affirmed
Connecticut GO (BAM) (SECMKT)		
Unenhanced Rating	A+(SPUR)/Positive	Affirmed

Ratings Detail (As Of May 23, 2022) (cont.)		
Connecticut GO (BAM) (SECMKT)		
Unenhanced Rating	A+(SPUR)/Positive	Affirmed
Connecticut GO (BAM) (SECMKT)		
Unenhanced Rating	A+(SPUR)/Positive	Affirmed
Connecticut GO (FGIC) (National)		
Unenhanced Rating	A+(SPUR)/Positive	Affirmed
Connecticut GO (MBIA) (National)		
Unenhanced Rating	A+(SPUR)/Positive	Affirmed
Connecticut GO (MBIA) (National)		
Unenhanced Rating	A+(SPUR)/Positive	Affirmed
University of Connecticut PCU_USF (AGM)		
Unenhanced Rating	A+(SPUR)/Positive	Affirmed
Univ of Connecticut PCU_USF		
Long Term Rating	A+/Positive	Affirmed
Univ of Connecticut PCU_USF (BAM)		
Unenhanced Rating	A+(SPUR)/Positive	Affirmed
Capital Region Development Authority, Connecticut		
State of Connecticut, Connecticut		
Capital City Econ Dev Auth (Connecticut) GOEQUIV		
Long Term Rating	A+/A-1/Positive	Affirmed
Capital Region Dev Auth (Connecticut) GOEQUIV		
Long Term Rating	A+/Positive	Affirmed
Capital Region Dev Auth (Connecticut) GOEQUIV		
Long Term Rating	A+/Positive	Affirmed
Capital Region Dev Auth (Connecticut) GOEQUIV		
Unenhanced Rating	A+(SPUR)/Positive	Affirmed
Connecticut Green Bank, Connecticut		
State of Connecticut, Connecticut		
Connecticut Green Bank (Connecticut) GOEQUIV		
Long Term Rating	A+/Positive	Affirmed
Connecticut Green Bank (Connecticut) GOEQUIV		
Long Term Rating	A+/Positive	Affirmed
Connecticut Hlth & Educl Facs Auth, Connecticut		
State of Connecticut, Connecticut		
Connecticut Hlth & Educl Facs Auth (Connecticut) APPROP		
Long Term Rating	A/Positive	Affirmed
Connecticut Hlth & Educl Facs Auth (Connecticut) APPROP		
Long Term Rating	A/Positive	Affirmed
Connecticut Hlth & Educl Facs Auth (Connecticut) GOEQUIV		
Long Term Rating	A+/Positive	Affirmed
Connecticut Hlth & Educl Facs Auth (Connecticut) GOEQUIV		
Long Term Rating	A+/Positive	Affirmed

Ratings Detail (As Of May 23, 2022) (cont.)		
Connecticut Hlth & Educl Facs Auth (Connecticut) GOEQUIV		
Long Term Rating	A+/Positive	Affirmed
Connecticut Hlth & Educl Facs Auth (Connecticut) GOEQUIV		
Long Term Rating	A+/Positive	Affirmed
Connecticut Hlth & Educl Facs Auth (Connecticut) GOEQUIV (BAM)		
Unenhanced Rating	A+(SPUR)/Positive	Affirmed
Connecticut Hlth & Educl Facs Auth (Connecticut) MORALOB (ASSURED GTY)		
Unenhanced Rating	BBB+(SPUR)/Positive	Affirmed
Connecticut Hlth & Educl Facs Auth (Connecticut) (BAM) (SECMKT)		
Unenhanced Rating	A+(SPUR)/Positive	Affirmed
Connecticut Hsg Fin Auth, Connecticut		
State of Connecticut, Connecticut		
Connecticut Hsg Fin Auth (Connecticut) GOEQUIV		
Long Term Rating	A+/Positive	Affirmed
Connecticut Hsg Fin Auth (Connecticut) GOEQUIV		
Long Term Rating	A+/Positive	Affirmed
Connecticut Hsg Fin Auth (Connecticut) GOEQUIV		
Long Term Rating	A+/Positive	Affirmed
Connecticut Hsg Fin Auth (Connecticut) GOEQUIV		
Long Term Rating	A+/Positive	Affirmed
Connecticut Hsg Fin Auth (Connecticut) GOEQUIV		
Long Term Rating	A+/Positive	Affirmed
Connecticut Hsg Fin Auth (Connecticut) GOEQUIV		
Long Term Rating	A+/Positive	Affirmed
Connecticut Hsg Fin Auth (Connecticut) GOEQUIV		
Long Term Rating	A+/Positive	Affirmed
Connecticut Hsg Fin Auth (Connecticut) GOEQUIV		
Long Term Rating	A+/Positive	Affirmed
Connecticut Hsg Fin Auth (Connecticut) GOEQUIV		
Long Term Rating	A+/Positive	Affirmed
Connecticut Hsg Fin Auth (Connecticut) GOEQUIV		
Long Term Rating	A+/Positive	Affirmed
Connecticut Hsg Fin Auth (Connecticut) GOEQUIV		
Long Term Rating	A+/Positive	Affirmed
Connecticut Innovations Inc., Connecticut		
State of Connecticut, Connecticut		
Connecticut Dev Auth (Connecticut) GO (MBIA) (National)		
Unenhanced Rating	A+(SPUR)/Positive	Affirmed
Connecticut Innovations Inc (Connecticut) GOEQUIV		
Long Term Rating	A+/Positive	Affirmed
Hartford, Connecticut		
State of Connecticut, Connecticut		
Connecticut GO (ASSURED GTY)		

Ratings Detail (As Of May 23, 2022) (cont.)		
Unenhanced Rating	A+(SPUR)/Positive	Affirmed
University of Connecticut, Connecticut		
State of Connecticut, Connecticut		
University of Connecticut (Connecticut) GO		
Long Term Rating	A+/Positive	Affirmed
University of Connecticut (Connecticut) GO		
Unenhanced Rating	A+(SPUR)/Positive	Affirmed
University of Connecticut (Connecticut) GO		
Unenhanced Rating	A+(SPUR)/Positive	Affirmed
University of Connecticut (Connecticut) GO		
Unenhanced Rating	A+(SPUR)/Positive	Affirmed
University of Connecticut (Connecticut) GO		
Unenhanced Rating	A+(SPUR)/Positive	Affirmed
University of Connecticut (Connecticut) GO		
Unenhanced Rating	A+(SPUR)/Positive	Affirmed
University of Connecticut (Connecticut) GO		
Unenhanced Rating	A+(SPUR)/Positive	Affirmed
University of Connecticut (Connecticut) GO (BAM) (SECMKT)		
Unenhanced Rating	A+(SPUR)/Positive	Affirmed
Connecticut Hlth & Educl Facs Auth, Connecticut		
Connecticut St Univ Sys, Connecticut		
State of Connecticut, Connecticut		
Connecticut Hlth & Educl Facs Auth (Connecticut) GO		
Long Term Rating	A+/Positive	Affirmed
Connecticut Hlth & Educl Facs Auth, Connecticut		
Connecticut St Univ Sys, Connecticut		
State of Connecticut, Connecticut		
Connecticut Hlth & Educl Facs Auth (Connecticut) GO		
Long Term Rating	A+/Positive	Affirmed
Connecticut Hlth & Educl Facs Auth, Connecticut		
Connecticut St Univ Sys, Connecticut		
State of Connecticut, Connecticut		
Connecticut Hlth & Educl Facs Auth (Connecticut) GOEQUIV		
Long Term Rating	A+/Positive	Affirmed
Connecticut Hlth & Educl Facs Auth, Connecticut		
Connecticut St Univ Sys, Connecticut		
State of Connecticut, Connecticut		
Connecticut Hlth & Educl Facs Auth (Connecticut) GOEQUIV		
Long Term Rating	A+/Positive	Affirmed
Connecticut Hlth & Educl Facs Auth, Connecticut		
Connecticut St Univ Sys, Connecticut		
State of Connecticut, Connecticut		

Ratings Detail (As Of May 23, 2022) (cont.)		
Connecticut Hlth & Educl Facs Auth (Connecticut) GOEQUIV (AGM)		
Unenhanced Rating	A+(SPUR)/Positive	Affirmed
Connecticut Hlth & Educl Facs Auth, Connecticut		
Connecticut St Univ Sys, Connecticut		
State of Connecticut, Connecticut		
Connecticut Hlth & Educl Facs Auth (Connecticut) GOEQUIV (BAM)		
Unenhanced Rating	A+(SPUR)/Positive	Affirmed
Connecticut Hlth & Educl Facs Auth, Connecticut		
Connecticut St Univ Sys, Connecticut		
State of Connecticut, Connecticut		
Connecticut Hlth & Educl Facs Auth (Connecticut) GOEQUIV (BAM)		
Unenhanced Rating	A+(SPUR)/Positive	Affirmed
Connecticut Hlth & Educl Facs Auth, Connecticut		
Connecticut St Univ Sys, Connecticut		
State of Connecticut, Connecticut		
Connecticut Hlth & Educl Facs Auth (Connecticut) GOEQUIV (BAM)		
Unenhanced Rating	A+(SPUR)/Positive	Affirmed
Connecticut Hlth & Educl Facs Auth, Connecticut		
Connecticut St Univ Sys, Connecticut		
State of Connecticut, Connecticut		
Connecticut Hlth & Educl Facs Auth (Connecticut) GOEQUIV (BAM) (SECMKT)		
Unenhanced Rating	A+(SPUR)/Positive	Affirmed
Connecticut Hlth & Educl Facs Auth, Connecticut		
Connecticut St Univ Sys, Connecticut		
State of Connecticut, Connecticut		
Connecticut Hlth & Educl Facs Auth (Connecticut) GOEQUIV (BAM) (SECMKT)		
Unenhanced Rating	A+(SPUR)/Positive	Affirmed
Connecticut Hlth & Educl Facs Auth, Connecticut		
Connecticut St Univ Sys, Connecticut		
State of Connecticut, Connecticut		
Connecticut Hlth & Educl Facs Auth (Connecticut) GO (BAM) (SECMKT)		
Unenhanced Rating	A+(SPUR)/Positive	Affirmed
University of Connecticut, Connecticut		
State of Connecticut, Connecticut		
University of Connecticut, Connecticut		
University of Connecticut (Connecticut) GO		
Long Term Rating	A+/Positive	Affirmed
University of Connecticut, Connecticut		
State of Connecticut, Connecticut		
University of Connecticut, Connecticut		
University of Connecticut (Connecticut) GO		
Long Term Rating	A+/Positive	Affirmed

Ratings Detail (As Of May 23, 2022) (cont.)		
University of Connecticut, Connecticut		
State of Connecticut, Connecticut		
University of Connecticut, Connecticut		
University of Connecticut (Connecticut) GO		
Long Term Rating	A+/Positive	Affirmed
University of Connecticut, Connecticut		
State of Connecticut, Connecticut		
University of Connecticut, Connecticut		
University of Connecticut (Connecticut) GO		
Long Term Rating	A+/Positive	Affirmed
University of Connecticut, Connecticut		
State of Connecticut, Connecticut		
University of Connecticut, Connecticut		
University of Connecticut (Connecticut) GOEQUIV		
Long Term Rating	A+/Positive	Affirmed
University of Connecticut, Connecticut		
State of Connecticut, Connecticut		
University of Connecticut, Connecticut		
University of Connecticut (Connecticut) GOEQUIV		
Long Term Rating	A+/Positive	Affirmed
University of Connecticut, Connecticut		
State of Connecticut, Connecticut		
University of Connecticut, Connecticut		
University of Connecticut (Connecticut) GOEQUIV		
Long Term Rating	A+/Positive	Affirmed
University of Connecticut, Connecticut		
State of Connecticut, Connecticut		
University of Connecticut, Connecticut		
University of Connecticut (Connecticut) GO		
Long Term Rating	A+/Positive	Affirmed
University of Connecticut, Connecticut		
State of Connecticut, Connecticut		
University of Connecticut, Connecticut		
University of Connecticut (Connecticut) GO		
Long Term Rating	A+/Positive	Affirmed
University of Connecticut, Connecticut		
State of Connecticut, Connecticut		
University of Connecticut, Connecticut		
University of Connecticut (Connecticut) GO		
Long Term Rating	A+/Positive	Affirmed
University of Connecticut, Connecticut		
State of Connecticut, Connecticut		

Ratings Detail (As Of May 23, 2022) (cont.)		
University of Connecticut, Connecticut		
University of Connecticut (Connecticut) GO		
Long Term Rating	A+/Positive	Affirmed
University of Connecticut, Connecticut		
State of Connecticut, Connecticut		
University of Connecticut, Connecticut		
University of Connecticut (Connecticut) GO		
Long Term Rating	A+/Positive	Affirmed
University of Connecticut, Connecticut		
State of Connecticut, Connecticut		
University of Connecticut, Connecticut		
University of Connecticut (Connecticut) GO (BAM)		
Unenhanced Rating	A+(SPUR)/Positive	Affirmed
University of Connecticut, Connecticut		
State of Connecticut, Connecticut		
University of Connecticut, Connecticut		
University of Connecticut (Connecticut) GO (BAM) (SECMKT)		
Unenhanced Rating	A+(SPUR)/Positive	Affirmed

Many issues are enhanced by bond insurance.