State of Connecticut – G.O.

Issuer: State of Connecticut		
Assigned	**Rating**	**Outlook**
General Obligation Bonds (2024 Series D)	AA+	Stable
Taxable General Obligation Bonds (2024 Series A)	AA+	Stable
Affirmed	**Rating**	**Outlook**
General Obligation Bonds	AA+	Stable

Methodology:

U.S. State General Obligation Rating Methodology

ESG Global Rating Methodology

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Rating Summary: The long-term rating for the State of Connecticut's General Obligation Bonds reflects the State's strong credit profile and its maintenance of certain statutory fiscal guardrails since FY 2017 which have accommodated strong reserves and progress in addressing its large unfunded pension liabilities over the last seven years.

Proceeds of the 2024 Series D Bonds will be used to support the State's capital program while proceeds of the Taxable 2024 Series A Bonds will be used to fund activities not eligible for tax-exempt financing including economic development loans and housing.

The State first implemented enhanced statutory fiscal guardrails in FY 2018 which it covenanted to maintain with respect to certain general obligation bondholders through June 30, 2023. Renewed guardrails were enacted and covenanted in FY 2024 that will be in place through at least FY 2028. Among the guardrails is a requirement to annually direct unappropriated general fund balances at fiscal year-end toward the State's budget reserve fund (BRF or rainy day fund) and the maintenance of a revenue volatility cap requiring the most volatile components of personal income tax receipts, in excess of an indexed threshold, to be deposited into the BRF. Any BRF balance exceeding 18% of subsequent-year appropriations at year-end, as well as half of any balance between 15% and 18% of subsequent year-appropriations at year-end, is required to be deposited as supplemental contributions toward the State's unfunded pension liabilities, among other measures. The legislation was passed unanimously by both legislative chambers signaling broad continuing support for the conservative financial practices that have bolstered the State's financial position since FY 2017.

The guardrails resulted in a BRF funded to the statutory limit in each of the last four years and $7.6 billion in supplemental pension contributions since FY 2020. The BRF balance increased from just $213 million at FYE 2017 to a projected $4.62 billion or 20.3% of subsequent year appropriations at FYE 2024. The projected BRF balance in excess of the reserve limit at FYE 2024 ($600 million) is to be deposited toward unfunded pension liabilities by the end of the 2024 calendar year, supplementing the $3.60 billion actuarially determined employer contribution (ADEC) already appropriated for FY 2024, marking a fifth consecutive year of pension contributions in excess of the ADEC.

The State's general fund is projected to end FY 2024 with a modest $182 million surplus. Gross general fund receipts are expected to decline 1.7% YoY to $23.7 billion as revenues continue to moderate from the record level achieved in FY 2022 corresponding with broad federal stimulus and particularly strong capital market returns. Personal income and pass-through entity tax proceeds are expected to exceed the revenue volatility cap by $1.12 billion, with this excess directed to the BRF, resulting in estimated general fund revenues available for appropriation of $22.5 billion, a decline of 1.3% YoY. Total appropriations in contrast are expected to increase 0.7% YoY to $22.3 billion. The FY 2025 budget is the second year of the State's budget biennium and will begin in July 1, 2024. A $324 million surplus is estimated for FY 2025 based upon April 30, 2024 revenue estimates and adopted expenditures, although these estimates do not yet incorporate the impact of certain policy changes and other new information.

Connecticut's economy has recovered significantly from the early months of the pandemic. Seasonally adjusted unemployment in March 2024 was 4.5%, a level higher than the U.S. average at 3.8%. Wealth levels remain very high, with per capita personal income of $87,447 at 128% of the national average in 2023. The longer-term economic growth trends in the State have been sluggish with real gross state product (GSP) growth of just 3.1% between 2017 and 2023, well lower than the New England regional growth of 11.7% and National growth of 14.1%.

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 20.2% of general government expenditures in FY 2023, which KBRA views as high. Debt amortization is favorable with about 81% of general obligation principal scheduled to retire within 10 years.

The Stable Outlook reflects Connecticut's diverse and high wealth economic base, strong reserve position, and effective financial management practices, which together provide a solid foundation for future financial performance.

Key Credit Considerations

The rating actions reflect the following key credit considerations:

Credit Positives

- State is projected to complete FY 2024 with a BRF balance exceeding the statutory cap at 15% of general fund appropriations and is positioned to direct surplus resources toward supplemental pension contributions for a fifth consecutive year.
- Strong financial management framework and recent extension of enhanced statutory fiscal guardrails through at least FY 2028 position the State for strong operating results.
- Strong wealth levels with the second highest per capita personal income level among all states.

Credit Challenges

- Lower relative growth in the economic indicators of population, employment, and gross state product, although there are recent signs of growth in population.
- Unfunded pension liabilities and tax-supported debt burden are high relative to personal income, each more than 3x the respective U.S. average. However, the State borrows for many local purposes and the comparison on a combined state and local basis is more moderate.

Rating Sensitivities

▪ Significant improvement in the funded ratios for the State's pension systems.	+
▪ Structural operating deficits in the general fund. ▪ Sustained weakening in the State's employment base and economic activity.	-

Rating Highlights	
Per Capita Personal Income (2023) (in dollars)	$87,447
as a % of U.S.	*128%*
Population (2023)	3,617,176
Growth 2010 to 2023	*1.0%*
Real GDP, % Change 2017 to 2023	
Connecticut	3.1%
New England	11.7%
United States	14.1%
Budget Reserve Fund Balance ($ in millions)	
FYE 2019	$2,506
FYE 2020	$3,013
FYE 2021	$3,112
FYE 2022	$3,313
FYE 2023	$3,316
FYE 2024 (Projected)[1]	$4,621
Direct Debt (2/1/2024) ($ in millions)	$25,884
Net Pension Liability ($ in millions)	$37,752
Fixed Costs as a % of Governmental Expenditures (FY 2023)	20.2%

(1) Reflects projected balance prior to statutory transfer of $600 million for SERS/TRS pension contributions in excess of the actuarially determinted employer contribution.

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

A discussion of RD2: Debt and Additional Continuing Obligations and RD3: Financial Performance and Liquidity Position can be found below. A discussion of other rather determinants and KBRA's bankruptcy assessment can be found in prior KBRA reports, the most recent of which is dated December 11, 2023.

RD 2: Debt and Additional Continuing Obligations

Tax-Supported Debt

Connecticut's state tax-supported debt burden is high relative to population, personal income, and GSP, ranking among the most highly indebted (top 5%) of states by all three metrics. The debt burden partly reflects the State's practice of issuing general obligation debt for certain university projects and purposes that municipal entities and counties fund in other states, including school construction. Connecticut has not had a county form of government since 1960. The State's debt burden compares more favorably when assessed on the basis of aggregate state and local borrowing according to data from the U.S. Census Bureau's Annual Survey of State and Local Government Finances, ranking within the highest 20% of states by this more inclusive measure.

Figure 1

Direct Tax-Supported Debt Principal Amount Outstanding (dollars in millions)	5/1/2020	2/1/2021	2/1/2022	2/1/2023	2/1/2024
General Obligation Bonds	$14,005	$14,629	$14,994	$13,997	$13,401
General Obligation Bond Anticipation Notes	-	-	-	-	-
Pension Obligation Bonds (GO)[1]	2,394	2,411	2,434	2,370	2,198
UConn 2000 Bonds (GO)	1,569	1,661	1,535	1,644	1,726
Total General Obligation Debt	17,968	18,701	18,963	18,011	17,325
Special Tax Obligation Bonds	5,575	6,102	7,095	7,501	7,921
Other[2]	216	244	250	255	248
State Guaranteed City of Hartford Debt	488	494	431	395	350
Total Direct Tax-Supported Debt	**24,246**	**25,540**	**26,739**	**26,162**	**25,844**

Source: Historic GO Official Statements and POS

[1]Includes accreted value of capital appreciation bonds.

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

Figure 2

Debt Ratios (in dollars)	Connecticut	Average of U.S. States	Connecticut Rank Among the 50 States
Tax-Supported Debt:			
Per Capita	$7,127	$1,742	Highest 5%
as a % of Personal Income	8.4%	2.7%	Highest 5%
as a % of GSP	8.0%	2.3%	Highest 5%
Aggregate State and Local Debt:			
Per Capita	$14,832	$10,049	Highest 5%
as a % of Personal Income	17.9%	15.7%	Highest 20%
as a % of GSP	18.0%	14.3%	Highest 15%

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

Pensions

Connecticut's two largest pension systems, the State Employee's Retirement System (SERS) and the State Teacher's Retirement System (TRS), remain among the lowest funded pension plans among U.S. states. The State has funded the full actuarially determined employer contribution (ADEC) to SERS since 2012 and TRS since 2006 but funded status of the two plans has remains weak in part because actual investment returns have lagged assumptions. The transition to more conservative return assumptions since 2016 and supplemental contributions beyond the ADEC in each of the last three years have been supportive of funding progress, but unfunded liabilities remain exceptionally large.

Figure 3

Net Pension Liability Ratios (GASB 67) (in dollars)	Connecticut	Average of U.S. States	Connecticut Rank Among the 50 States
Net Pension Liability:			
Per Capita	$11,131	$1,688	Highest 5%
as a % of Personal Income	13.1%	2.5%	Highest 5%
as a % of GSP	12.5%	2.3%	Highest 5%

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

Figure 4

Pension Funded Status (GASB 67) and ADEC Requirements as of 6/30/2023 Valuation (dollars in millions)	SERS	TRS	Total
Fiduciary Net Position (FNP)	$21,237	$23,870	$45,106
Total Pension Liability (TPL)	41,981	40,877	82,858
Net Pension Liability (NPL)	20,745	17,007	37,752
FNP as % of TPL	50.6%	58.4%	54.4%

Source: POS

State statute features several mechanisms to direct excess general fund resources toward the accelerated pay-down of long-term liabilities. The revenue volatility cap requires that estimated and final personal income tax and pass-through entity tax receipts in excess of a formula driven threshold[1], be directed to the BRF. State statute additionally requires unappropriated general fund surpluses remaining at year-end be directed to the BRF. Through FYE 2023, amounts in the BRF exceeding 15% of the current year's budget were required by statute to be directed toward the pay-down of long-term pension liabilities. Revised statutory guard rails in effect for FYE 2024 in contrast will require half of any balance between 15% and 18% of subsequent year general fund appropriations plus all balances exceeding 18% for this purpose. As shown in Figure 8, this mechanism resulted in pension contributions exceeding the ADEC totaling $62 million for FY 2020, $1.62 billion in FY 2021, $4.11 billion in FY 2022, $1.87 in FY 2023. This mechanism is projected to result in a supplemental contribution totaling $600 million for FY 2024.

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 other states. Separately, the State also funds an OPEB trust, through a transfer from the general 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. The state concurrently began matching employee contributions to the OPEB trust. The state does not currently utilize the OPEB trust to fund benefits thereby allowing the trust to grow, however balances in the trust do offset overall OPEB liabilities when calculating the state's net OPEB liability. In FY 2023, the State's contribution to retiree healthcare and life insurance costs was $872.2 million, or 2.2% of governmental expenditures.

Total Fixed Costs

Total FY 2023 fixed costs including debt service, pension contributions toward ADEC[2], and pay-as-you-go OPEB represented 20.2% of governmental expenditures.

RD 3: Financial Performance and Liquidity Position

The State's financial position has improved markedly in recent years. Positive revenue performance, pandemic-related federal assistance, and expenditure discipline have supported BRF contributions since FYE 2017 and budgetary surplus in each year since FYE 2018. Supplemental contributions to pensions in excess of the ADEC have additionally been made in each year since FY 2020. The BRF has been maintained at the statutory limit of 15% of appropriations at the end of each of the last four years and is projected to increase to 17.6% of appropriations at the end of the current 2024 fiscal year following an estimated $600 million supplemental pension contribution, per the phase in of an increased statutory limit of 18% of appropriations beginning July 1, 2024.

Pandemic-Related Federal Assistance

The State received $1.382 billion in CARES Act funds in 2020 which were applied to pandemic-related costs incurred between March 1, 2020 and December 30, 2020. The use of such funds was accounted for outside of the general fund. The State also received $2.955 billion in ARPA funds in 2021, the allowable uses of which are more flexible. With stronger than anticipated revenue performance, the State has acted to spend down ARPA funds slower than initially planned and canceled certain ARPA appropriations through the general fund in FY 2022, FY 2023, and FY 2024. ARPA funds have instead been directly appropriated outside of the general fund to a broad range of governmental purposes. The State has now allocated all ARPA funds for spending through FY 2025 as depicted below. Approximately half of total ARPA allocations have been directed to the UConn system.

Figure 5

State of Connecticut
American Rescue Plan Allocation and Spending
FYE June 30 (in millions)

	2022	2023	2024	2025	Total
Coronavirus State Fiscal Recovery Funds	$ 635	$ 1,185	$ 485	$ 508	$ 2,813
Coronavirus Capital Project Funds	30	77	26	9	142
Total	665	1,262	511	517	2,955

Source: State of Connecitcut

FY 2025 Budget

The FY 2025 budget is the second year of the State's budget biennium and will begin in July 1, 2024. The 2024 Legislation adjourned without making changes to appropriations for FY 2025. A $324 million surplus is estimated for FY 2025 based upon April 30, 2024 revenue estimates and adopted expenditures, although these estimates do not yet incorporate the impact of certain policy changes and other new information.

[1] The threshold for deposits is adjusted under a statutory formula that is set at a base of $3.15 billion for FY 2018, adjusted annually by the growth rate of State personal income. The cap is $3.929 billion for FY 2025.
[2] Contributions exceeding the ADEC are excluded from this calculation.

Figure 6

General Fund Summary Operations Budgetary Modified Cash Basis (FYE June 30) (dollars in millions)	2019	2020	2021	2022	2023	2024 Estimated	2025 Estimated
Revenues	$ 20,600	$ 19,724	$ 21,773	$ 25,038	$ 24,145	$ 23,737	$ 23,777
Plus BRF Draws	-	-	-	-	-	-	-
Less Volatility Cap Deposits to BRF	(950)	(530)	(1,241)	(3,047)	(1,322)	(1,124)	(1,164)
Revenues Available for Appropriation	19,650	19,194	20,531	21,991	22,823	22,529	23,130
Appropriations (Net Miscellaneous Adjustments)	(19,249)	(19,189)	(19,436)	(20,655)	(22,199)	(22,347)	(22,806)
Miscellaneous Adjustments	(0)	8	(0)	1	(0)		
Prior Year Appropriations Continued into Current FY	134	165	139	758	834		
Current Year Appropriations Cont. into Subsequ. FY	(165)	(139)	(758)	(834)	(903)		
Actions Per Governor's Recommended Budget							
Adjustments Carryforwards/Use of Surplus	-	-	-	-	-		
Operating Surplus (Deficit)[1]	**371**	**39**	**476**	**1,261**	**555**	**182**	**324**
Year End Surplus Transfer to BRF[1]	(371)	(39)	(476)	(1,261)	(555)		
Unappropriated Surplus (Deficit)	**-**	**-**	**-**	**-**	**-**		

Source: Annual Financial Reports of the State Comptroller, OPM Letters dated April 30, 2024 (for FY 2025) and May 20, 2024 (for FY 2024) and Rating

[1]As required by statute, the projected FY 2024 unappropriated surplus of $182 million would be transferred to the BRF after the audit of FY 2024 operations and the General Fund surplus is confirmed.

FY 2024 Projected Results

The general fund is projected to end FY 2024 with a modest $182 million surplus. Gross general fund receipts are expected to decline 1.7% YoY to $23.7 billion as revenues moderate for a second year from the record level achieved in FY 2022 corresponding with broad federal stimulus and particularly strong capital market returns. Personal income and pass-through entity tax proceeds are expected to exceed the revenue volatility cap by $1.12 billion, with this excess directed to the BRF, resulting in estimated general fund revenues available for appropriation of $22.53 billion, a decline of 1.3% YoY. Total appropriations in contrast are expected to increase 0.7% YoY to $22.3 billion.

The estimated $1.12 billion volatility cap deposit plus the estimated $182 million surplus are expected to result in $1.31 billion available for deposit to the BRF, which, together with the beginning BRF balance of $3.32 billion, would result in an ending BRF balance of $4.62 billion, or 20.3% of budgeted FY 2025 appropriations. As required by statute, amounts exceeding 15.0% of budgeted FY 2025 appropriations will be split evenly between BRF deposits and supplemental SERS/TRS contributions, up to a hard cap of 18%. Accounting for this split, the BRF is projected to equal 17.6% of subsequent year appropriations at year end. As required by statute, any amounts exceeding the hard cap of 18.0% would be required to be directed entirely toward supplemental SERS/TRS contributions.

Figure 7

Budget Reserve Fund Summary Operations Budgetary Modified Cash Basis (FYE June 30) (dollars in millions)	2019	2020	2021	2022	2023	2024 Estimated	2025 Estimated
Beginning BRF Balance	$ 1,185	$ 2,506	$ 3,013	$ 3,112	$ 3,313	$ 3,316	$ 4,021
Transfers to General Fund	-	-	-	-	-	-	-
Transfers from General Fund (Outside of Volatility Cap)	371	39	476	1,261	555	182	324
Volatility Cap Deposit	950	530	1,241	3,047	1,322	1,124	1,164
Ending BRF Balance Before Statutory Post-Close Transfers to SERS/TRS	**2,506**	**3,074**	**4,730**	**7,420**	**5,190**	**4,621**	**5,508**
as a % of Ensuing FY Net GF Approps.	*13.1%*	*15.0%*	22.8%	33.4%	23.2%	20.3%	
Statutory Transfer to SERF and TRS Following Year End	-	(62)	(1,618)	(4,107)	(1,875)	(600)	
Ending BRF Balance After Statutory Post-Close Transfer to SERS/TRS	**2,506**	**3,013**	**3,112**	**3,313**	**3,316**	**4,021**	
as a % of Ensuing FY Net GF Approps.	*13.1%*	*15.0%*	*15.0%*	*15.0%*	*15.0%*	*17.6%*	

Source: Annual Financial Reports of the State Comptroller, OPM Letters dated April 30, 2024 (for FY 2025) and May 20, 2024 (for FY 2024) and Rating Agency Presentation dated May 2024.

As required by statute, the State will transfer amounts exceeding the BRF cap toward long-term liabilities at the end of the 2024 calendar year toward supplemental SERS and TRS contributions. The contributions will be in addition to the $3.60 billion already appropriated in satisfaction of the full ADEC for the State's pension obligations in FY 2024, for a total KBRA estimated contribution of $4.2 billion, or 117% of the ADEC.

Figure 8

State Contributions to SERS and TRS FYE June 30 (dollars in millions)						
	2019	2020	2021	2022	2023	2024 Est.
Actuarially Determined Employer Contribution	$ 2,867	$ 2,825	$ 3,057	$ 3,437	$ 3,721	$ 3,595
Additional Contributions†	-	62	1,618	4,108	1,871	600
Total Contributions	2,867	2,887	4,675	7,545	5,592	$ 4,195
Total Contributions as a % of ADEC	100%	102%	153%	220%	150%	117%

Source: State of Connecticut

† Additional contributions beyond the ADEC are not budgeted for FY 2024, but surplus General Fund amounts and volatility cap deposits that would otherwise push the Budget Reserve Fund balance above the statutory cap are projected to be available for this purpose.

Revenue and Expenditure Performance

General fund revenues available for appropriation have experienced limited volatility in recent years due to the application of the revenue volatility cap which limits the operational impact of movement in the most volatile components of personal income tax and pass-through entity tax receipts. Revenues available for appropriation are projected to decline 1.3% YoY to $22.5 billion. Expenditures are projected to increase by a modest 0.7% YoY to $22.3 billion following several years of significantly higher growth driven by factors including elevated inflation.

Figure 9

General Fund Revenues and Expenditures Budgetary Modified Cash Basis (FYE June 30) (dollars in millions)													
	Actual										Budget / Estimated		
	2019	Δ YOY (%)	2020	Δ YOY (%)	2021	Δ YOY (%)	2022	Δ YOY (%)	2023	Δ YOY (%)	2024	Δ YOY (%)	2025
Revenues													
Personal Income Tax	$ 9,640	-2.5%	$ 9,398	10.0%	$10,340	17.3%	$12,132	-7.5%	$11,223	3.6%	$11,631	2.2%	$11,883
Pass-through Entity Tax	1,172	6.0%	1,242	24.8%	1,550	48.9%	2,308	-11.2%	2,048	-6.9%	1,906	3.3%	1,969
Less: Volatility Cap Deposit	(950)		(530)		(1,241)		(3,047)		(1,322)		(1,124)		(1,164)
Net PIT and Pass-Through Entity Tax	9,862	2.5%	10,109	5.3%	10,649	7.0%	11,392	4.9%	11,950	3.9%	12,414	2.2%	12,688
Federal Grants (excl. ARPA)	2,084	-13.8%	1,797	-16.7%	1,496	29.3%	1,935	3.3%	1,998	3.7%	2,072	-8.6%	1,894
Sales and Use Tax	4,338	-0.5%	4,318	11.0%	4,793	0.5%	4,818	2.6%	4,945	0.7%	4,980	2.5%	5,104
Corporate Income Tax	1,061	-11.9%	934	23.4%	1,153	21.5%	1,401	8.2%	1,517	1.8%	1,545	1.0%	1,561
Excise Taxes (Alcohol and Cigarettes)	421	-0.4%	419	2.6%	430	-5.7%	406	-8.5%	371	-9.1%	337	-4.1%	324
Indian Gaming Payments	255	-35.6%	164	39.4%	229	8.7%	249	12.2%	279	7.7%	300	1.1%	304
Statutory Transfers from Other Funds	110	24.0%	136	-15.8%	115	10.2%	126	-10.9%	113	-12.0%	99	-1.6%	97
Other	1,519	-48.3%	785	112.3%	1,667	-0.2%	1,664	-0.8%	1,652	-52.7%	782	48.2%	1,159
Total Revenues	**19,650**	-2.3%	**19,194**	7.0%	**20,531**	7.1%	**21,991**	3.8%	**22,823**	-1.3%	**22,529**	2.7%	**23,130**
Expenditures													
General Government	653	-2.8%	635	1.8%	646	16.0%	750	24.6%	934				
Public Safety	272	3.2%	281	1.3%	284	6.9%	304	13.9%	346				
Conservation and Development	170	0.9%	172	10.4%	189	23.0%	233	1.5%	237				
Health and Hospitals	1,194	0.7%	1,203	3.4%	1,244	2.6%	1,276	9.3%	1,395				
Human Services	4,312	1.0%	4,357	-2.3%	4,258	4.4%	4,445	11.8%	4,969				
Education, Libraries and Museums	5,208	-1.0%	5,155	2.9%	5,304	7.4%	5,698	6.4%	6,060				
Corrections and Judicial	1,968	1.8%	2,004	-0.5%	1,994	-4.1%	1,912	11.9%	2,139				
Debt Service	2,225	-0.9%	2,205	0.5%	2,216	4.9%	2,325	-5.4%	2,200				
Other	3,247	-2.1%	3,179	3.7%	3,297	12.5%	3,709	5.7%	3,919				
Total Expenditures	**19,249**	-0.3%	**19,189**	1.3%	**19,431**	6.3%	**20,652**	7.5%	**22,199**	0.7%	**22,347**	2.1%	**22,806**

Source: Annual Financial Reports of the State Comptroller, State Comptroller Letters dated April 30, 2024 and May 20, 2024, and May 2024 Credit Presentation

Liquidity Position

The common cash pool represents the State's operating cash and includes the BRF. Available cash includes bond funds and other balances that can be made available to the common cash pool through temporary transfers under long-established State practice. Variability in the 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)							
	2018	2019	2020	2021	2022	2023	5/11/2024
Total Available Cash	$3,399	$4,827	$5,725	$11,551	$14,612	$11,300	$10,685

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

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.

KBRA analyzes many sector- and issuer-specific ESG issues but our analysis is often anchored around three core topics: climate change, with particular focus on greenhouse gas emissions; stakeholder preferences; and cybersecurity. Under environmental, as the effects of climate change evolve and become more severe, issuers are increasingly facing an emerging array of challenges and potential opportunities that can influence financial assets, operations, and capital planning. Under social, the effects of stakeholder preferences on ESG issues can impact the demand for an issuer's product and services, the strength of its global reputation and branding, its relationship with employees, consumers, regulators, and lawmakers, and, importantly, its cost of and access to capital. Under governance, as issuers continue to become more reliant on technology, cybersecurity planning and information management are necessary for most issuers, regardless of size and industry.

KBRA's assessment of ESG Management can be found in prior reports, the most recent of which is dated December 11, 2023.