

RATING ACTION COMMENTARY

Fitch Rates \$432 Million University of Connecticut GO Bonds 'AA'; Outlook Stable

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Fitch Ratings - New York - 26 Feb 2026: Fitch Ratings has assigned a rating of 'AA' to \$432.37 million University of Connecticut (UConn) general obligation bonds, 2026 series A.

The bonds are being issued to finance capital improvements to various university facilities and to refund outstanding general obligation bonds. The bonds are expected to be offered by negotiated sale the week of March 9, 2026. Par amounts are subject to change pending final sale.

The Rating Outlook is Stable.

RATING ACTIONS

ENTITY / DEBT ⚡	RATING ⚡	PRIOR ⚡
Connecticut, State of (CT) [General Government]	LT AA Rating Outlook Stable	Affirmed AA Rating Outlook Stable
Connecticut, State of (CT) /UConn State Debt Service Commitment/1 LT		

[VIEW ADDITIONAL RATING DETAILS](#)

UConn's 'AA' GO bonds are on par with Connecticut's 'AA' Issuer Default Rating (IDR). Fitch considers the state's debt service commitment (DSC) for the bonds to be pari passu to the state's GO bonds. DSC appropriates principal and interest with the same statutory language as state GO bonds, requiring no further legislative approval. Strong legal protections are buttressed by the constitutional state priority of higher education and the expectation of continued strong state support of the UConn system.

Connecticut's 'AA' IDR and GO bond ratings also reflect Connecticut's wealthy and diverse economy, superior gap-closing capacity, and Fitch's expectation that the state will manage comparatively elevated pressure from long-term liabilities, carrying costs, and expenditure growth without eroding fiscal resilience.

SECURITY

The bonds are a general obligation of UConn, additionally backed by a pledge of and lien on the state of Connecticut's DSC to pay principal and interest on the bonds, as appropriated from the state's general fund without requirement for further legislative approval.

KEY RATING DRIVERS

Revenue Framework - 'aa'

Absent tax policy changes, Fitch expects underlying revenues to grow approximately in line with the rate of inflation, consistent with the state's wealthy and diverse, but slow-growing, economic profile. The state has complete legal control over its revenue system through mechanisms such as base broadening, as well as the ability to levy new taxes and fees and adjust rates.

Expenditure Framework - 'aa'

Connecticut's natural pace of spending growth is expected to outpace revenue growth despite robust budget controls which extend through the next decade. The state has consistently demonstrated that it can cover comparatively high fixed costs. For over a decade, the state has made full actuarial contributions to pensions supplemented by statutory additional pension payments from excess revenues. It benefits from a high degree of budgetary autonomy, which is typical for states.

Long-Term Liability Burden - 'a'

The state's long-term liability burden is elevated and among the highest for U.S. states, but still moderate relative to personal income. Net pension liabilities are a more significant burden, even after substantial recent supplementary funding, because the state carries obligations for state retirees and local schoolteachers. Other post-employment benefits also represent a significant liability, although one the state has been able to modify through benefit reductions.

Operating Performance - 'aaa'

Connecticut's robust fiscal resilience is bolstered by statutory mechanisms supporting accumulation of reserves, including setting aside volatile revenue collections over specific thresholds in the budget reserve fund (BRF) and a required excess annual margin of budgeted revenues over spending. Budget management features sophisticated fiscal monitoring and frequent revenue and budget forecasting, which allow the state to quickly identify budget underperformance and address emerging gaps.

RATING SENSITIVITIES

Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade

- Consistent economic or revenue growth below Fitch's long-term expectations for national inflation;
- Weakening of budget management policies and practices that materially amplifies structural challenges.

Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade

- Material and sustained success in gradually lowering its elevated liability burden to less than 20% of personal income while actively managing a comparatively high fixed-cost burden;
- Consistent economic or revenue growth above Fitch's long-term expectations for national inflation, while the state maintains its renewed commitment to budgetary guardrails that constrain expenditure growth.

PROFILE

UConn is a public entity and serves as the state flagship land grant institution, including the main campus in Storrs, four undergraduate regional campuses, a law school and UConn Health located throughout the state. UConn currently serves over 34,000 students,

including UConn Health, studying in 14 colleges and schools offering eight undergraduate and 23 graduate and professional degree programs.

ADDITIONAL SECURITY DETAILS

The state DSC is substantially similar to Connecticut's GO pledge. The DSC statutorily appropriates all amounts of the debt service commitment for the bonds out of the resources of the state General Fund (state law title 10a-10b(c)). Debt service is already appropriated using language substantially similar to that used to appropriate the State's general obligation debt service.

No further legislative action is required for appropriation or payment. UConn never possesses the funds, as the Treasurer pays each fiscal year's debt service directly to the paying agent. A notable difference is that in the UConn GO bonds, the university buttresses its own full faith and credit pledge with the state's DSC of general fund resources, whereas the state GO pledge includes a full faith and credit pledge to raise ad valorem taxes.

DATE OF RELEVANT COMMITTEE

09-Sep-2025

REFERENCES FOR SUBSTANTIALLY MATERIAL SOURCE CITED AS KEY DRIVER OF RATING

The principal sources of information used in the analysis are described in the Applicable Criteria.

ESG CONSIDERATIONS

The highest level of ESG credit relevance is a score of '3', unless otherwise disclosed in this section. A score of '3' means ESG issues are credit-neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation on the relevance and materiality of ESG factors in the rating decision. For more information on Fitch's ESG Relevance Scores, visit

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APPLICABLE CRITERIA

APPLICABLE MODELS

Numbers in parentheses accompanying applicable model(s) contain hyperlinks to criteria providing description of model(s).

FAST Econometric API - Fitch Analytical Stress Test Model, v3.1.1 (1)

ADDITIONAL DISCLOSURES

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University of Connecticut (CT)

EU Endorsed, UK Endorsed

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