

RATING ACTION COMMENTARY

Fitch Rates Connecticut's \$1.1B GO Bonds 'AA'; Outlook Stable

Wed 29 Apr, 2026 - 1:38 PM ET

Fitch Ratings - New York - 29 Apr 2026: Fitch Ratings has assigned 'AA' ratings to the following general obligation (GO) bonds to be issued by the state of Connecticut:

- \$500 million 2026 series A;
- \$300 million refunding 2026 series B;
- \$300 million taxable 2026 series A.

The bonds are expected to be offered by negotiated sale on May 11 and 12, 2026.

The Rating Outlook is Stable.

Fitch has also affirmed the state's long-term issuer default rating (IDR) and associated ratings listed in the additional security section below.

RATING ACTIONS

ENTITY / DEBT ↕	RATING ↕	PRIOR ↕
Connecticut, State of (CT) [General Government]	LT IDR AA Rating Outlook Stable Affirmed	AA Rating Outlook Stable

Connecticut, State of (CT) /General Obligation - Unlimited Tax/1 LT	LT	AA Rating Outlook Stable	Affirmed	AA Rating Outlook Stable
Connecticut, State of (CT) /Special Capital Reserve Fund/1 LT	LT	AA- Rating Outlook Stable	Affirmed	AA- Rating Outlook Stable
Connecticut, State of (CT) /Special Tax Oblig Trans Infr/1 LT	LT	AA Rating Outlook Stable	Affirmed	AA Rating Outlook Stable
Connecticut, State of (CT) /State Appropriation/1 LT	LT	AA- Rating Outlook Stable	Affirmed	AA- Rating Outlook Stable
Connecticut, State of (CT) /State Contract/1 LT	LT	AA Rating Outlook Stable	Affirmed	AA Rating Outlook Stable
Connecticut, State of (CT) /UConn State Debt Service Commitment/1 LT	LT	AA Rating Outlook Stable	Affirmed	AA Rating Outlook Stable

[VIEW ADDITIONAL RATING DETAILS](#)

Connecticut's 'AA' IDR and GO bond ratings reflect its wealthy and diverse economy and its superior gap-closing capacity, as well as 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

GO bonds are supported by the full faith and credit of the state pledged to payment of principal and interest.

KEY RATING DRIVERS

Revenue Framework - 'aa'

Absent tax policy changes, Fitch expects underlying revenue to grow roughly in line with inflation, consistent with the state's wealthy, 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 that 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 revenue. 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 (NPLs) 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 (OPEB) also represent a significant liability, although the state has been able to modify it 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 revenue 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

Connecticut's economy is anchored by several key sectors, including sophisticated defense-related manufacturing, finance, insurance, and health and education institutions.

Population growth has lagged the U.S. average in recent decades although there has been a modest uptick since the 2010 census.

ADDITIONAL SECURITY DETAILS

Fitch has affirmed the ratings on the state's GO and IDR-linked bonds as follows:

-- GO bonds at 'AA'.

--Capital Region Development Authority's (CRDA) appropriation-backed parking and energy fee revenue bonds 2004, series B, and series 2018 refunding bonds at 'AA'. The CRDA bonds reflect Fitch's view that the ultimate security for the bonds - the state's full faith and credit obligation to fulfil debt service commitments (DSCs) to the CRDA under the state contract without further legislative appropriation - should be considered pari passu to the state's GO bonds.

--The University of Connecticut's (UConn) GO bonds at 'AA'. Fitch considers the state's DSC for the bonds pari passu to the state's GO bonds. The DSC is appropriated with the same statutory language as state GO bonds, requiring no further legislative action.

--Connecticut Higher Education Supplemental Loan Authority's (CHESLA) state-supported revenue bonds at 'AA-'. The CHESLA bond rating, one notch below Connecticut's 'AA' IDR, reflects the state's pledge to fund the special capital reserve fund (SCRF) without further legislative approval. Debt service for the bonds is deemed appropriated by statute but is not appropriated in the same manner as GO bond debt service.

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

<https://www.fitchratings.com/topics/esg/products#esg-relevance-scores>.

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APPLICABLE CRITERIA

[U.S. Public Finance State Governments and Territories Rating Criteria \(pub. 04 Feb 2025\)](#)
(including rating assumption sensitivity)

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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Connecticut, State of (CT)

EU Endorsed, UK Endorsed

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