

MOODY'S

RATINGS

Rating Action: Moody's Ratings assigns Aa2 to Connecticut's General Obligation Bonds; outlook stable

23 Sep 2026

New York, September 23, 2026 -- Moody's Ratings (Moody's) has assigned a Aa2 ratings to the State of Connecticut's proposed \$1.655 billion General Obligation bonds, consisting of \$800 million General Obligation Bonds, (2026 Series C), \$330 million General Obligation Refunding Bonds (2026 Series D), \$225 million General Obligation Refunding Bonds (2026 Series E) (Forward Delivery), and \$300 million Taxable General Obligation Bonds (2026 Series B). We maintain Aa2 ratings on the issuer and approximately \$16.7 billion of outstanding general obligation debt. The outlook is stable.

RATINGS RATIONALE

The Aa2 issuer rating reflects Connecticut's reduced liabilities and fixed costs, resulting in part from state's commitment to numerous governance improvements, namely its fiscal guardrails originally put in place in 2018. The strict adherence to adopted financial policies have also lead to consistent structural balance and sustained improvement in budgetary reserves. The state's liabilities remain high, resulting in elevated fixed costs that limit budget flexibility compared to state sector peers. The Aa2 rating also reflects Connecticut's strong income and wealth levels. Population, real GDP and employment growth trends have also improved in recent years, though the long term growth trajectory still lags the nation.

The state's general obligation rating is on par with the issuer rating given the state's full faith and credit pledge to the debt.

RATING OUTLOOK

Connecticut's stable outlook reflects the expectation that the state will remain committed to the fiscal guardrails in place, ensuring continued structural balance, healthy rainy day reserves and aggressive pay-down of pension liabilities.

FACTORS THAT COULD LEAD TO AN UPGRADE OF THE RATINGS

- Reduced pension and debt leverage approaching 200% of state revenue, and reduced fixed costs below 15% of state revenue
- Evidence of sustained economic performance that approximates the nation

FACTORS THAT COULD LEAD TO A DOWNGRADE OF THE RATINGS

- Additional leverage resulting in liabilities in excess of 500% of state revenue
- Significant economic weakness and revenue declines without commensurate budget adjustments
- Sustained decline in budget reserve fund and liquidity position

PROFILE

The State of Connecticut has a population of 3.6 million people, and is located in the coastal northeastern US, bordered by Rhode Island (Aa2 stable), Massachusetts (Aa1 stable) and New York State (Aa1 stable)

with 618 miles of shoreline, according to the National Oceanic and Atmospheric Administration (NOAA). The state has a large and diverse economy with a real GDP (2017 USD) of \$297.5 billion in Q1 2026. It is the wealthiest state in the country with an RPP-adjusted per capita income of over 125% of the US average.

METHODOLOGY

The principal methodology used in these ratings was US States and Territories published in December 2025 and available at <https://ratings.moodys.com/rmc-documents/455987>. Alternatively, please see the Rating Methodologies page on <https://ratings.moodys.com> for a copy of this methodology.

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