

# CONNECTICUT'S ECONOMY IS ON STRONG FOOTING


On May 29, two of the big three credit rating agencies – Fitch and Moody's – raised Connecticut's bond outlook from stable to positive. This is great news for the state and it's proof that Connecticut's economic upturn is being noticed. Since 2021, four credit rating agencies have upgraded Connecticut's bond ratings. Other major states have significant budget issues, budget gaps and are facing long term deficits, while Connecticut has a fully funded rainy day fund, and strong fiscal guardrails. Our Rainy Day fund is currently at \$3.3bn and we recently paid down our pension liabilities by nearly \$8bn, saving us \$800mn in future interest payments.


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# FISCAL GUARDRAILS

The upgraded bond ratings are proof that our fiscal guardrails are working. Connecticut has several laws designed to limit state spending or borrowing and increase deposits to the Budget Reserve Fund, also known as the Rainy Day fund.

## SPENDING CAP

Limits growth in the state's budget as measured by the increase in personal income or inflation

## REVENUE CAP

Limits spending to 98.5% of projected revenue

## VOLATILITY CAP

Directs revenue from volatile revenue sources to the state's Budget Reserve Fund

## DEBT LIMIT

Prohibits the legislature from authorizing General Fund supported debt exceeding 1.6x the estimated net tax receipts

*“Fiscal Guardrails Boost State’s Bond Rating”* 

- Connecticut Business & Industry Association

*“Fitch Rates Connecticut’s \$450MM GO Bonds ‘AA-’; Revises Outlook to Positive”*

- Fitch Ratings



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