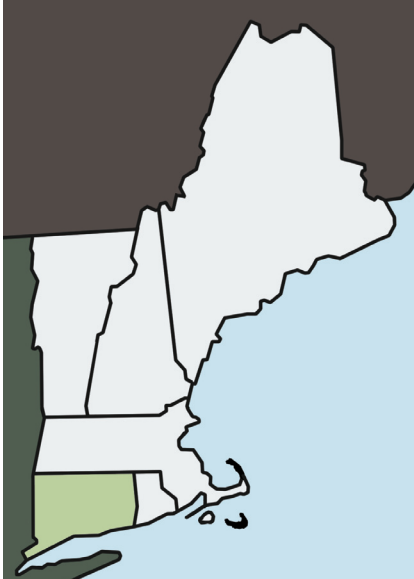


## CONNECTICUT Budget Report Card



OVER DECADES, CONNECTICUT has dug itself into a pension hole that left it with a D average in legacy costs for fiscal 2016 through 2018, the second-lowest mark possible, even though the state contributed close to 100 percent of the actuarially recommended amount to the public employee retirement system.

Because of chronic underfunding in past years, Connecticut’s pension funding level was only 43.8 percent as of 2017, almost 25 percentage points lower than the total for US states. Only Illinois, Kentucky, and New Jersey had lower levels. A lack of actuarially determined annual funding for other postemployment benefits, principally health care, also contributed to Connecticut’s poor showing in legacy costs.

Digging out will be particularly difficult for Connecticut: Its total revenues dropped slightly in fiscal 2018 (while most other states’ revenues were on the upswing). As a result, the state has relied on one-time budget maneuvers, which earned it a D in the category for 2018 and a C average for the three years examined. Connecticut also relied on one-time revenues from a tax amnesty program to balance its 2018 budget.

Connecticut’s best performance was in budget forecasting, in which it received straight As. The state relies on consensus revenue forecasting – a best practice identified by the Volcker Alliance. It produces multiyear expenditure and revenue forecasts and also provides evidence to support revenue estimates.


### NEW ENGLAND STATES SIDE BY SIDE: Three-Year Average Grades, 2016-18


	BUDGET FORECASTING	BUDGET MANEUVERS	LEGACY COSTS	RESERVE FUNDS	TRANSPARENCY
Connecticut	<b>A</b>	<b>C</b>	<b>D</b>	<b>B</b>	<b>B</b>
Maine	<b>B</b>	<b>B</b>	<b>B</b>	<b>B</b>	<b>B</b>
Massachusetts	<b>C</b>	<b>D</b>	<b>D-</b>	<b>A</b>	<b>B</b>
New Hampshire	<b>D</b>	<b>A</b>	<b>D</b>	<b>B</b>	<b>B</b>
Rhode Island	<b>A</b>	<b>C</b>	<b>B</b>	<b>B</b>	<b>B</b>
Vermont	<b>B</b>	<b>A</b>	<b>D</b>	<b>B</b>	<b>B</b>
US AVERAGE	<b>C</b>	<b>B</b>	<b>C</b>	<b>B</b>	<b>B</b>

**NOTE** States are grouped by US Census Bureau divisions.


Average grades are based on annual numerical scores. For more information, download *Truth and Integrity in State Budgeting: Preventing the Next Fiscal Crisis* at [VolckerAlliance.org](http://VolckerAlliance.org).


## CONNECTICUT Budget Report Card

BUDGET FORECASTING					
		2016	2017	2018	
	CATEGORY GRADE	<b>A</b>	<b>A</b>	<b>A</b>	
	Consensus Revenue Forecasts	✓	✓	✓	
	Multiyear Expenditure Forecasts	✓	✓	✓	
	Multiyear Revenue Forecasts	✓	✓	✓	
	Revenue Growth Projections	✓	✓	✓	
3-YEAR AVERAGE <b>A</b>			3-YEAR TREND <b>—</b>		

BUDGET MANEUVERS					
		2016	2017	2018	
	CATEGORY GRADE	<b>C</b>	<b>C</b>	<b>D</b>	
	Deferring Recurring Expenditures	✓	✓	✓	
	Revenue and Cost Shifting	✗	✗	✗	
	Funding Recurring Expenditures with Debt	✗	✗	✗	
	Using Asset Sales and Up-Front Revenues	✓	✓	✗	
3-YEAR AVERAGE <b>C</b>			3-YEAR TREND <b>↘</b>		

LEGACY COSTS					
		2016	2017	2018	
	CATEGORY GRADE	<b>D</b>	<b>D</b>	<b>D</b>	
	Public Employee OPEB Funding	✗	✗	✗	
	Public Employee Pension Funding	✓	✓	✓	
	Public Employee Pension Funded Ratio*	44%	44%	44%	
3-YEAR AVERAGE <b>D</b>			3-YEAR TREND <b>—</b>		

RESERVE FUNDS					
		2016	2017	2018	
	CATEGORY GRADE	<b>B</b>	<b>B</b>	<b>B</b>	
	Positive Reserve or General Fund Balance	✓	✓	✓	
	Reserve Funds Disbursement Policy	✓	✓	✓	
	Reserve Funds Replenishment Policy	✓	✓	✓	
	Reserves Tied to Revenue Volatility	✗	✗	✗	
3-YEAR AVERAGE <b>B</b>			3-YEAR TREND <b>—</b>		

TRANSPARENCY					
		2016	2017	2018	
	CATEGORY GRADE	<b>B</b>	<b>B</b>	<b>B</b>	
	Consolidated Budget Website	✓	✓	✓	
	Provides Debt Tables	✓	✓	✓	
	Discloses Deferred Infrastructure Replacement Costs	✗	✗	✗	
	Discloses Tax Expenditures	✓	✓	✓	
3-YEAR AVERAGE <b>B</b>			3-YEAR TREND <b>—</b>		

### KEY

✓	Followed best practice
✗	Did not follow best practice

**BUDGET FORECASTING** evaluates whether and how states estimated long-term revenue and expenditure trends. **BUDGET MANEUVERS** evaluates whether states used one-time revenues, borrowings, asset sales, and other measures to achieve short-term budgetary balance. **LEGACY COSTS** evaluates whether states provided adequate funding, as defined by retirement system actuaries, for pensions and other promised retirement benefits for public workers. **RESERVE FUNDS** evaluates states' rainy day funds and other fiscal reserves, as well as any policies governing their use and replenishment. **TRANSPARENCY** evaluates the accessibility to the public of states' budget practices.

\* **SOURCE** Bloomberg; 2017 data also used for 2018.