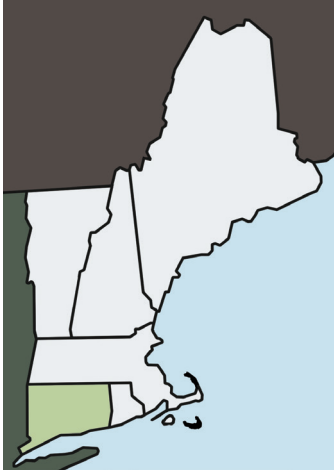


CONNECTICUT Budget Report Card



CONNECTICUT'S ROBUST budget forecasting procedures for fiscal 2015 through 2019 merited an A average, making it one of only ten states to achieve the top mark in the category.

The state's consensus revenue estimating process requires the governor and legislature to agree on projections and the reasoning behind them each November, with updates, if necessary, in January and April. The executive branch supports the estimates with analyses of economic indicators and sectors prepared by the Office of Policy and Management. This information is included in the state's biennial budget. Connecticut also provides revenue and expenditure projections for three years beyond the current budget, a best practice.

The state's average mark in reserve funds was a B, reflecting 2017 legislation that added consideration of revenue volatility to rainy day fund policy. The law provides that personal income tax collections over a certain amount be deposited into the Budget Reserve Fund, with a cap set at \$3.1 billion for fiscal 2019. Its reserves are particularly important, as Connecticut has a volatile revenue structure due to its progressive income tax.

In contrast to its budget forecasting and reserve fund marks, Connecticut averaged a D, the second-lowest mark, in legacy costs. These include public worker pensions and other postemployment benefits (OPEB), primarily health care. Its 2019 pension funding level was 46 percent, 25 percentage points below the total for all states. Only Illinois, Kentucky, and New Jersey had lower funding levels. Connecticut finances OPEB on a pay-as-you-go basis rather than making actuarially determined contributions to finance benefits.


NEW ENGLAND STATES SIDE BY SIDE: Five-Year Average Grades, Fiscal 2015–19


	BUDGET FORECASTING	BUDGET MANEUVERS	LEGACY COSTS	RESERVE FUNDS	TRANSPARENCY
Connecticut	A	C	D	B	B
Maine	B	B	B	B	B
Massachusetts	C	C	D-	A	B
New Hampshire	D	B	D	B	B
Rhode Island	A	C	B	B	B
Vermont	B	B	D	B	B
US AVERAGE	C	B	C	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: Preparing for the Storm* at VolckerAlliance.org.


CONNECTICUT Budget Report Card, Fiscal 2015–19

BUDGET FORECASTING							
	2015	2016	2017	2018	2019	TREND	
	CATEGORY GRADE	A	A	A	A	A	'15 '16 '17 '18 '19
	Consensus Revenue Forecasts	✓	✓	✓	✓	✓	● ● ● ● ●
	Multiyear Expenditure Forecasts	✓	✓	✓	✓	✓	
	Multiyear Revenue Forecasts	✓	✓	✓	✓	✓	
	Revenue Growth Projections	✓	✓	✓	✓	✓	
5-YEAR AVERAGE						A	

BUDGET MANEUVERS							
	2015	2016	2017	2018	2019	TREND	
	CATEGORY GRADE	C	C	C	C	D	'15 '16 '17 '18 '19
	Deferring Recurring Expenditures	✓	✓	✓	✓	✓	
	Revenue and Cost Shifting	X	X	X	X	X	
	Funding Recurring Expenditures with Debt	X	X	X	X	X	● ● ● ● ●
	Using Asset Sales and Up-Front Revenues	✓	✓	✓	✓	X	
5-YEAR AVERAGE						C	

LEGACY COSTS							
	2015	2016	2017	2018	2019	TREND	
	CATEGORY GRADE	D	D	D	D	D	'15 '16 '17 '18 '19
	Public Employee OPEB Funding	X	X	X	X	X	
	Public Employee Pension Funding	✓	✓	✓	✓	✓	
	Public Employee Pension Funded Ratio*	50%	44%	44%	46%	46%	● ● ● ● ●
5-YEAR AVERAGE						D	

RESERVE FUNDS							
	2015	2016	2017	2018	2019	TREND	
	CATEGORY GRADE	B	B	B	A	A	'15 '16 '17 '18 '19
	Positive Reserve or General Fund Balance	✓	✓	✓	✓	✓	
	Reserve Funds Disbursement Policy	✓	✓	✓	✓	✓	● ● ● ● ●
	Reserve Funds Replenishment Policy	✓	✓	✓	✓	✓	
	Reserves Tied to Revenue Volatility	X	X	X	✓	✓	
5-YEAR AVERAGE						B	

TRANSPARENCY							
	2015	2016	2017	2018	2019	TREND	
	CATEGORY GRADE	B	B	B	B	B	'15 '16 '17 '18 '19
	Consolidated Budget Website	✓	✓	✓	✓	✓	
	Provides Debt Tables	✓	✓	✓	✓	✓	● ● ● ● ●
	Discloses Deferred Infrastructure Replacement Costs	X	X	X	X	X	
	Discloses Tax Expenditures	✓	✓	✓	✓	✓	
5-YEAR AVERAGE						B	

KEY

✓	Followed best practice
X	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.

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