



Treasurer Erick Russell

Appropriations Committee
Follow Up for Work Session
February 26, 2025

What is the average bond length per program?

For the most part, State GO including UConn2000, and STO bonds all issue 20-year bonds when tax-exempt, and 10-year bonds when taxable. SRF bond final maturity will depend on the underlying commitments to fund clean/drinking water loans. Refunding bonds generally have the same final maturity as the refunded bonds, so usually 10 years or less.

Why do future annual payments to the Teachers' Retirement System fluctuate?

The current amortization schedule for the Teachers' Retirement System was established in 2019 when the system was restructured. The schedule structures payments to reach 100% funding status in 30 years. Fluctuations can occur as the state makes additional contributions and the Teachers' Retirement Fund, exceeds its assumed rate of return, or experiences any other changes in actual results versus assumptions. In all instances, the annual contribution is required to reach the 100% funding target in 30 years.

Why do debt service payments on the Teachers' Retirement Pension Obligation Bonds fluctuate from year to year?

The current amortization schedule for the Teachers' Retirement Pension Obligation Bonds was established when the \$2.2 billion of bonds were issued in 2008. While the State was ideally seeking a smoother pattern of debt service from year to year, the financial market was already starting to show weakness in the Spring of 2008 and the State needed to structure the bonds to meet investor demand and accept a more fluctuated debt service pattern in order to achieve the lowest cost.

Are there any strategies to ensure that we are going to remain on schedule with these payments without putting extra stress on the budget?

The Teachers' Retirement System annual contribution payments are statutorily required and are covered in a bond covenant.

What are the recent projects funded through the UConn 2000 program?

Please find attached the semi-annual report that UConn provides to the Governor and the Connecticut General Assembly. Pages 9-16 provide a summary of recent capital projects. Here is a sample listing:

- Gant Science Complex
- New School of Nursing Building
- Boiler Plant Equipment Replacement
- Field House Renovation
- Mirror Lake Improvements
- Jones Annex Renovation
- Pharmacy-Biology Building Renovation

What are the credit ratings for each bond program?

Ratings <i>(Outlook)</i>	GO	STO
Moody's	Aa3 <i>(positive)</i>	Aa3 <i>(positive)</i>
S&P	AA- <i>(stable)</i>	AA <i>(stable)</i>
Fitch	AA- <i>(positive)</i>	AA- <i>(positive)</i>
Kroll	AA+ <i>(stable)</i>	AAA <i>(stable)</i>
	State Revol. Fund	UConn
Moody's	Aaa <i>(stable)</i>	Aa3 <i>(positive)</i>
S&P	AAA <i>(stable)</i>	AA- <i>(stable)</i>
Fitch	AAA <i>(stable)</i>	AA- <i>(positive)</i>
Kroll	N/R	N/R

What are the TRS and SERS funded ratios?

SERS (\$ billions)	6/30/2023	6/30/2024
Liabilities	\$ 42.0	\$ 42.9
UAAL	20.1	19.2
Funded Ratio	52.0%	55.2%
Interest Rate Assumption	6.9%	6.9%
Smoothing	5 yrs.	5 yrs.
<i>Source: Cavanaugh Macdonald Reports 11/30/2023 and 6/30/2024.</i>		

TRS (\$ billions)	6/30/2023	6/30/2024
Liabilities	\$ 40.9	\$ 42.3
UAAL	16.4	15.9
Funded Ratio	59.8%	62.3%
Interest Rate Assumption	6.9%	6.9%
Smoothing	4 yrs.	4 yrs.
<i>Source: Cavanaugh Macdonald Reports 11/4/2022 and 11/3/2023.</i>		