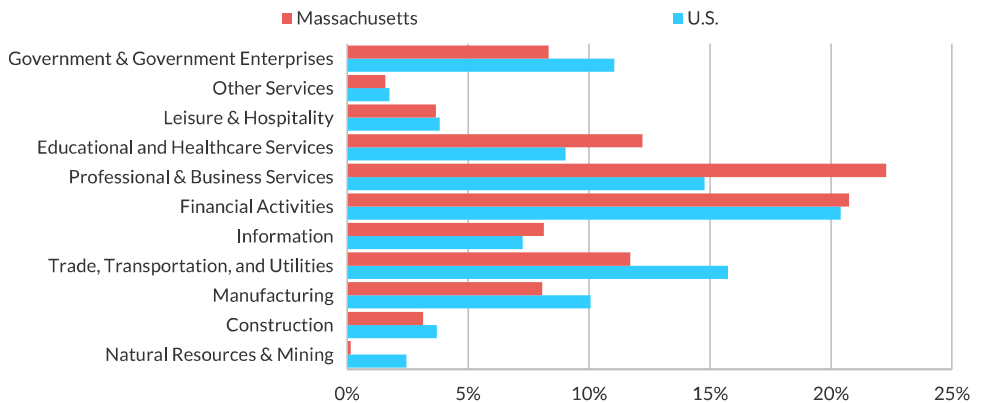


Commonwealth of Massachusetts

The Commonwealth of Massachusetts' 'AA+' Long-Term IDR reflects its considerable economic resources, effective management of economic and revenue cyclicalities and strong budget controls. The commonwealth's long-term liability burden for debt and Fitch Ratings-adjusted net pension liabilities (NPLs) remains well above the U.S. state median but still represents a moderate burden on resources.

Components of Real GDP



Source: Fitch Ratings, DIVER by Solve, U.S. Bureau of Economic Analysis

Population Data Overview

	Massachusetts	U.S.
Total population (2024)	7,136,171	340,110,988
2000–2010 (% growth)	3.1	9.7
2010–2020 (% growth)	7.4	7.4
2020–Present (% growth)	1.5	2.6

Source: Fitch Ratings, DIVER by Solve, U.S. Census Bureau

Ratings

Long-Term IDR	AA+
---------------	-----

Outlooks

Long-Term IDR	Stable
---------------	--------

New Issues

\$750,000,000 General Obligation Bonds Consolidated Loan of 2025, Series G	AA+
\$350,000,000 General Obligation Refunding Bonds 2025 Series D	AA+

Sale Date

Dec. 2-3, 2025, via negotiation

Outstanding Debt

[Issuer Ratings Information](#)

Applicable Criteria

[U.S. Public Finance State Governments and Territories Rating Criteria \(February 2025\)](#)

Related Research

[Fitch Rates Massachusetts SBA's \\$1.7 Billion Sub Lien Sales Tax Bonds 'AA+'; Outlook Stable \(August 2025\)](#)

Analysts

Karen Krop
+1 212 908-0661
karen.krop@fitchratings.com

Douglas Offerman
+1 212 908-0889
douglas.offerman@fitchratings.com

Key Rating Drivers

Revenue Framework — 'aaa'

Tax revenues are diverse but dominated by individual income taxes, which are sensitive to economic conditions, particularly the components related to capital gains. Baseline growth prospects for tax revenues are strong and expected to match national GDP, driven by the commonwealth's diverse underlying economy, which includes a significant knowledge-based industry component.

Expenditure Framework — 'aaa'

Like most states, Massachusetts' natural pace of spending growth is likely to slightly exceed expected revenue growth over time, requiring ongoing cost control. The commonwealth has ample ability to reduce spending through the economic cycle.

Long-Term Liability Burden — 'aa'

Long-term liability levels in Massachusetts, while comparatively high for a U.S. state, are a moderate burden on resources. The commonwealth's above-average liability position is partly the result of state funding of both capital needs and pensions that are more commonly funded at the local level in other states, primarily for K-12 education.

Operating Performance — 'aaa'

The commonwealth has superior gap-closing capacity, supported by conservative budgeting, ongoing fiscal monitoring and a requirement to cut spending in response to emerging revenue gaps. Gap-closing capacity is also supported by a funding mechanism that redirects a portion of economically sensitive capital gains tax receipts into the stabilization fund, which functions as the commonwealth's rainy-day fund.

Rating Sensitivities

Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade

- A slowing of economic growth that signals the commonwealth's revenue growth prospects will trail national economic growth, closer to the long-term inflation rate.
- Rapid growth in spending demands, particularly for fixed costs such as pension liabilities, that weakens Massachusetts' expenditure flexibility and historically strong operating performance.
- An increase in long-term liabilities, resulting in a liability burden that consistently exceeds 20% of personal income.

Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade

- Continued efforts to maintain structural balance during periods of economic growth, particularly in light of elevated carrying costs given ongoing pension funding demands and capital plans, and/or preservation of reserves at or near current levels, could lead to improvement in Fitch's assessment of budget management.
- A sustained reduction in the long-term liability burden closer to or below 10% of personal income, accompanied by a reduction in carrying costs.

Economic Resource Base

Massachusetts has a broad and wealthy economy. Education levels are high, and although population growth is below the U.S. average, it is strong for the Northeast region. Strong healthcare, technology and education sectors have helped keep GDP growth in line with the nation's and position the commonwealth for solid future gains. Massachusetts is the second-wealthiest state in the nation in terms of per capita personal income.

IDR Current Developments

Massachusetts Economic Update

Massachusetts suffered a more severe job market shock than the nation as a whole early in the pandemic, with nonfarm payrolls falling 18% from February to April 2020, compared with the 15% national decline for the same period. Although Massachusetts subsequently recovered its lost employment, its recent job market performance has been weak and was slightly below (-0.6%) the pre-pandemic level as of August 2025, and well below the national post-pandemic employment expansion of 4.8%. Massachusetts' unemployment rate was also trending below the U.S. rate through late 2024, but was 4.8% in August 2025, above the U.S. rate of 4.3%. The commonwealth's employment-to-

population ratio (EPOP) of 63.7% as of August 2025 compares favorably to the national EPOP of 59.6%, even if it is below its pre-pandemic level of 64.7%.

Massachusetts Budgetary Update

For the first time in many years, Massachusetts enacted a virtually on-time budget just after the start of the July 1 fiscal year. Massachusetts's revenues exceeded forecast in fiscal 2025, with preliminary (unaudited) tax revenues up 7.2% yoy. The state's budgetary benchmark for the year had assumed modest 2% yoy growth. The fiscal 2026 budget is based on a consensus tax revenue estimate of \$43.6 billion that incorporates 2.2% growth in tax revenues relative to the revised fiscal 2025 benchmark, with an additional \$2.4 billion available for distribution to transportation and education initiatives from the 4% "Fair Share" surtax on personal income over \$1 million.

The commonwealth also estimates, however, that tax revenues will be reduced by approximately \$650 million in fiscal 2026 due to the federal reconciliation bill (H.R. 1), absent any legislative action by the commonwealth, as the commonwealth's tax code conforms to the federal internal revenue code. The commonwealth has proposed no changes to the budget to address this potential tax loss given the conservative economic assumptions used to develop the revenue forecast.

After modest vetoes, the \$60.3 billion fiscal 2026 budget for all operating funds increases spending by \$3 billion yoy (5%) and, as in fiscal 2025, dedicates increased spending to education and transportation initiatives. The Fair Share surtax has been generating higher revenues than originally anticipated, allowing the commonwealth to make a sizable \$1.3 billion supplemental appropriation for fiscal 2025 from excess fiscal 2023 and 2024 collections.

The supplemental appropriation provides \$758.8 million in transportation funding, including one-time funding for infrastructure as well as operating support for the Massachusetts Bay Transportation Authority (MBTA). The balance of the supplemental appropriation provides \$561.4 million for education including early childhood education and care, K-12 and higher education.

The fiscal 2026 budget similarly relies on the Fair Share surtax to increase funding for education and transportation. Although the governor and legislature had previously agreed to limit the appropriation to \$1.95 billion, below the forecast of \$2.4 billion, the adopted budget appropriates the full \$2.4 billion, with \$1.7 billion going to education and \$712 million to transportation. K-12 schools will receive \$760 million, higher education \$266 million and early childhood education and childcare \$469 million.

Of the surtax funds being directed to transportation, the MBTA will receive \$470 million in operating support and \$550 million will be transferred to the Commonwealth Transportation Fund, where it is expected to be used to leverage over \$5 billion in new borrowing. In addition to increased funding from the income surtax, other notable spending items include a 7% increase, to \$7.36 billion, in chapter 70 aid to cities and towns to more fully fund the school funding formula, \$1.64 billion for higher education and \$1.1 billion for financial assistance related to childcare.

While spending is increasing, the commonwealth also took steps to constrain spending in some areas and increase its resilience to potential economic and federal funding uncertainty. The budget extends a state government hiring freeze through fiscal 2026, eliminates a proposed 2% raise for executive branch employees and holds back \$125 million in funds earmarked for local projects until later in the fiscal year. The governor is also seeking authority to make unilateral mid-year spending cuts to parts of state government beyond the executive branch if revenues fall short of budget by more than \$400 million.

Reserves Remain Well Funded

Reserves remain high, with the stabilization fund — the commonwealth's budget reserve — reaching \$8.2 billion as of the end of fiscal 2025, roughly equal to 18.8% of tax revenue and 12.6% of total budgeted revenues.

The commonwealth enacted legislation that allocates a portion of stabilization fund interest earnings to finance capital investments through 2026, including to provide matching funds for federal discretionary grant opportunities and debt reduction. The legislation will limit the transfers to years in which the balance of the fund in the most recently ended fiscal year grew relative to the prior year and exceeds 10% of all budgeted revenues for all budgeted funds. Given the stabilization fund's current balance, Fitch does not believe transferring interest earnings for two fiscal years would negatively affect the gap-closing capacity provided by the fund.

Credit Profile

Revenue Framework

General fund resources are derived primarily from individual income, sales and corporate income taxes. The first two are particularly important, with approximately 61% of fiscal 2025 tax revenues coming from individual income taxes and another 22% from sales taxes. The individual income tax is levied at flat rates based on income type. A 5% rate has

been applicable to most income categories since Jan. 1, 2020, under a statute that had gradually reduced the rate from 5.3% beginning Jan. 1, 2012. The statute also reinstated the state charitable deduction as of Jan. 1, 2023, after delays in the fiscal 2021 and 2022 budgets.

As noted, voters approved the Fair Share surtax, a permanent 4% surtax on personal income over \$1 million, in November 2022, which became effective in the 2023 tax year. Surtax revenue collections have been well above the forecast, at \$2.4 billion in fiscal 2024 and \$2.9 billion in fiscal 2025. This has allowed the legislature to make supplemental appropriations for transportation and education, the program areas to which Fair Share taxes are dedicated.

Solid economic fundamentals and a diverse revenue system are the basis of a revenue profile that is likely to approximate national GDP growth over time, although growth may be limited by the Chapter 62F tax revenue growth limit. Chapter 62F caps the amount of revenue the commonwealth may collect in any given fiscal year relative to the rates of wage and salary growth in the commonwealth. Once the limit is exceeded, the commonwealth must refund any excess revenues via income tax credits, as was the case in fiscal 2023 when the commonwealth refunded \$2.9 billion of excess fiscal 2022 tax revenues, marking the first time since 1987 that the limit was triggered.

The commonwealth has no significant legal limitations on its ability to raise revenues. The Chapter 62F tax revenue growth limit has not hindered the commonwealth's ability to manage its revenue resources. The voter initiative environment has periodically been active and certain revenues have been affected by past voter petitions, notably property taxes. Importantly, the legislature retains the ability to make changes to statutes passed by successful voter initiative petitions.

Economic Data Overview

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	10-year CAGR
Total nonfarm employment (% change)												
Massachusetts	2.0	2.0	1.9	1.3	1.1	1.5	-8.3	3.8	4.0	1.2	0.1	0.8
U.S.	1.9	2.1	1.8	1.6	1.6	1.3	-5.8	2.9	4.3	2.2	1.3	1.3
Labor force (% change)												
Massachusetts	1.8	0.7	0.9	2.0	2.5	0.7	-2.7	-0.3	0.9	1.1	2.5	0.8
U.S.	0.3	0.8	1.3	0.7	1.1	0.9	-1.7	0.3	1.9	1.7	0.6	0.8
Unemployment rate (% labor force)												
Massachusetts	5.7	4.8	4.0	3.8	3.5	3.0	9.3	5.3	3.6	3.5	4.0	4.5
U.S.	6.2	5.3	4.9	4.4	3.9	3.7	8.1	5.3	3.6	3.6	4.0	4.8
Personal income (% change)												
Massachusetts	4.5	6.6	3.8	4.8	5.3	4.9	6.7	8.1	2.7	5.4	5.7	5.4
U.S.	5.1	4.7	2.7	4.9	5.1	4.8	6.8	9.2	3.1	5.9	5.4	5.2
Real GDP (% change)												
Massachusetts	1.9	3.7	1.4	1.6	3.6	3.1	-1.2	6.5	2.0	1.2	2.9	2.5
U.S.	2.5	2.9	1.8	2.5	3.0	2.6	-2.2	6.1	2.5	2.9	2.8	2.5

Source: Fitch Ratings; DIVER by Solve, U.S. Bureau of Economic Analysis, U.S. Bureau of Labor Statistics

Expenditure Framework

Massachusetts' expenditure profile is very broad, driven by an expansive scope of services. Medicaid and other social services are the largest single spending commitments, at just over half of general fund spending. Education is also a significant commitment, with extensive commonwealth funding of local schools and a broad higher education network. Funding formula changes for local schools under the 2019 Student Opportunity Act (SOA) are intended to address needs in districts with higher concentrations of poverty.

The SOA was expected to result in a seven-year, \$1.5 billion ramp-up of formula funding beginning in fiscal 2021, but the pandemic delayed the initial increases. The commonwealth's education commitment extends to covering local teacher pension liabilities but not the liability associated with other post-employment benefits (OPEB). Consistent with practices in many smaller states, the commonwealth is responsible for delivering or funding a variety of services routinely funded at the local levels elsewhere.

As with most states, current services spending is expected to be in line with or marginally above expected revenue growth, primarily driven by social services, particularly Medicaid. The fiscal challenge of Medicaid is common to all U.S. states. Based on Congressional Budget Office estimates, Fitch projects that the enacted reconciliation bill, H.R. 1,

would reduce federal Medicaid aid to states by approximately 3% in federal fiscal year (FFY) 2026 (beginning October 1, 2025), rising to 18% by FFY 2034. Fitch considers these levels within the capacity of most states to manage primarily with spending reductions, likely within their own Medicaid spending, and possibly with revenue increases.

Importantly, the most substantial change (implementation of work requirements for certain Medicaid recipients) is likely to reduce overall enrollment and therefore both state and federal spending. The curtailment of provider taxes, which will directly reduce revenues for state governments and providers, phases in gradually. Additionally, the bill includes a Rural Health Transformation Program funded at \$50 billion that aims to smooth revenue losses for rural health providers. The specific implications of the Medicaid revisions for each state will vary, potentially widely, and are contingent on how the federal government and states implement the statutory changes.

Federal revenues typically comprised 29%-30% of Massachusetts' total governmental revenues prior to the pandemic, as reported in the commonwealth's annual comprehensive financial reports (ACFR). Federal revenues ticked up to 32% in fiscal 2021 and remained at that slightly elevated rate through fiscal 2024.

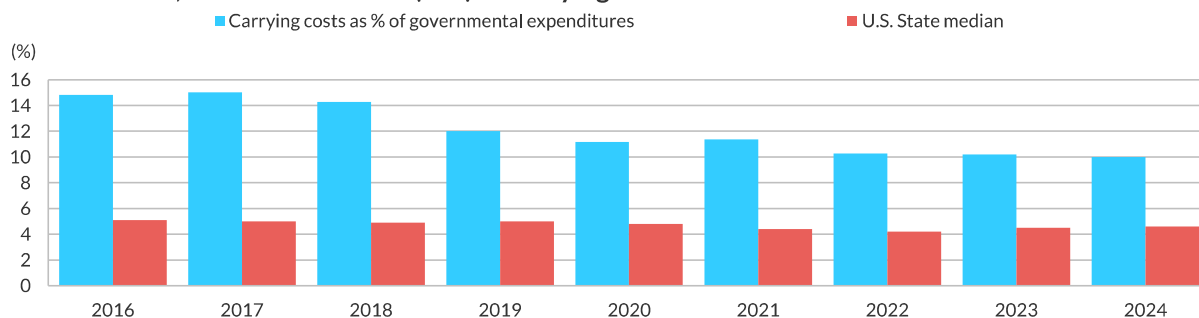
Massachusetts' spending on health and social services, primarily Medicaid, typically comprises about 42% of total governmental spending, as reported in the state ACFR. As a share of spending, health and social services increased slightly, to 44%, in fiscal 2021, remaining higher than historical levels at 46% through fiscal 2023, before dropping to 42% in fiscal 2024. Beyond statutory changes, as with all federal programs, Medicaid remains subject to regulatory changes that could affect various aspects of the program.

The commonwealth retains ample ability to cut spending; statute allows for swift response in the event of forecast revenue underperformance, including the governor's statutory powers to unilaterally cut allotments under Section 9C of commonwealth General Law, Chapter 29.

Massachusetts' carrying costs for long-term liabilities were 10% in 2024, versus Fitch's U.S. states median of 4.2% (as of 2023). Under commonwealth finance law, revenues available for budgeting are net of statutory pension contributions and transfers for the MBTA and the Massachusetts School Building Authority (MSBA).

Pension changes were undertaken in 2011, and the commonwealth maintains a relatively conservative statutorily closed amortization target for achieving full funding in 2040. Pension contributions have risen in part due to experience updates and shifts to more cautious actuarial assumptions. Based on a funding schedule that it updates every three years, most recently in January 2023, the commonwealth forecasts contributions to rise about 9.6% per year until fiscal 2028, after which the rate of increase will drop to 4% through the projected date of full prefunding. This is projected to occur in fiscal 2036, four years ahead of the target date for full funding. Fitch views this contribution trajectory as manageable within the commonwealth's overall fiscal framework.

Massachusetts, Commonwealth of (MA) — Carrying Costs



Source: Fitch Ratings, Massachusetts, Commonwealth of (MA) Annual Comprehensive Financial Reports

Long-Term Liability Burden

Debt and Fitch-adjusted NPLs are comparatively high for a state but represent a moderate burden on resources. On a combined basis, the commonwealth's burden of direct debt and adjusted NPLs equaled 15.2% of personal income, well above the 3.8% U.S. states median, as of Fitch's [November 2025 report on state liabilities](#), which referred to 2023 state financial statements data.

Fitch estimates the commonwealth's direct debt at a comparatively high 7.1% of personal income, including sales tax-backed obligations of the MBTA and MSBA and annual contractual assistance commitments supporting the Massachusetts Department of Transportation. The comparable state median as of the November 2024 state liabilities report was 1.8%. The commonwealth's above-average role in funding local government capital needs, relative to most other states, partially drives its higher debt burden.

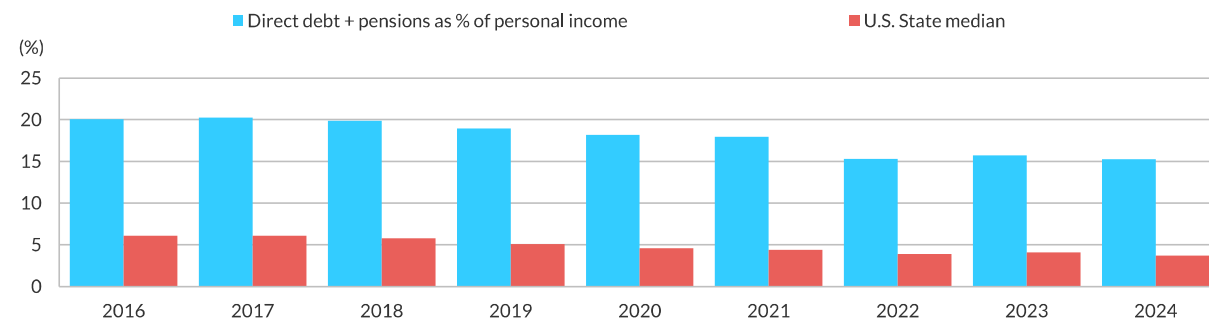
Fitch expects Massachusetts' direct debt to remain comparatively high for a U.S. state. A \$16 billion transportation bond authorization to be directed toward highways, transit, bridges and other commonwealth and local transportation needs was enacted in 2021. The authorization is flexible as to whether the debt can be issued as general obligation bonds or special obligation bonds. Similarly, the "MassTRAC" program, enacted in 2022, included \$6.3 billion in borrowing. Issuance under these programs is ongoing, with timing dictated by the commonwealth's rolling five-year capital plan.

The commonwealth issued special obligation revenue bonds in July 2022 to pay off federal unemployment insurance trust fund loans. The special obligation bonds are repaid by assessments on employers, with no nexus to the commonwealth's fiscal operations. Fitch does not incorporate these bonds into its calculations of Massachusetts' long-term liabilities.

Pension liabilities for the commonwealth are also a higher burden than in most other states. In fiscal 2024, the Fitch-adjusted NPL was 8.3% versus a 2.5% state median as of the November 2024 state liabilities report. The two pension systems covering Massachusetts state employees and teachers (except in the city of Boston) had respective funded ratios of 72.0% and 61.5% as of June 30, 2024, based on 7% discount rates. These are down from 77.5% and 62.0%, respectively, as of June 30, 2021, when the discount rate was 7.15%.

The commonwealth carries a net OPEB liability for state employees, but not local teachers, of \$16.2 billion, based on a 4.6% discount rate and net of prefunding built in recent years from tobacco settlement moneys, excess capital gains collections and other sources. The net OPEB liability is 2.4% of personal income.

Massachusetts, Commonwealth of (MA) — Long-Term Liability Burden



Source: Fitch Ratings, Massachusetts, Commonwealth of (MA) Annual Comprehensive Financial Reports

Operating Performance

The Fitch Analytical Stress Test (FAST) model relates historical tax revenue volatility to GDP to support the assessment of operating performance under Fitch's criteria. FAST is not a forecast but represents Fitch's estimate of possible revenue behavior in a downturn, based on historical revenue performance. Actual revenue declines will vary from FAST results, which provide a relative sense of the risk exposure of a particular state compared to other states. Despite its comparatively higher exposure to revenue declines, as shown by FAST, Massachusetts has superior financial resilience that would enable it to manage through fiscal stress.

Fitch believes the commonwealth retains superior capacity to address cyclical downturns and has repeatedly demonstrated its commitment to maintaining a solid financial position. Mechanisms for maintaining balance include the governor's requirement to reduce allotments or identify alternative balancing measures in the event of a midyear forecast deficiency, under Section 9C of commonwealth General Law, Chapter 29 (as noted). The governor used this power to reduce spending by \$375 million in fiscal 2024.

Additionally, since 2011, the commonwealth has operated under a mechanism to reduce the effects of volatile capital gains-related tax revenues on its budget. Capital gains-related receipts that can be included in the budget are capped annually at a level that rises in line with U.S. GDP growth, with excesses dedicated to the stabilization fund (90%) and retiree benefit obligations (10%). For fiscal 2024, this mechanism resulted in a \$30 million transfer to the stabilization fund stemming from the commonwealth's decision to use most excess capital gains to support spending. Absent this change, the commonwealth would have deposited an additional \$265 million to the fund.

As noted, the commonwealth has enacted legislation to transfer earnings in the stabilization fund to a fund for capital improvements for two fiscal years, through fiscal 2026. Fiscal 2024 investment earnings totaling \$420.8 million were accordingly transferred to the Commonwealth Federal Matching and Debt Reduction Fund. Given the high balance in the stabilization fund, at just over 20% of tax revenues as of fiscal 2024, Fitch does not expect the use of earnings in the fund for capital purposes to affect the commonwealth's ability to respond to a downturn.

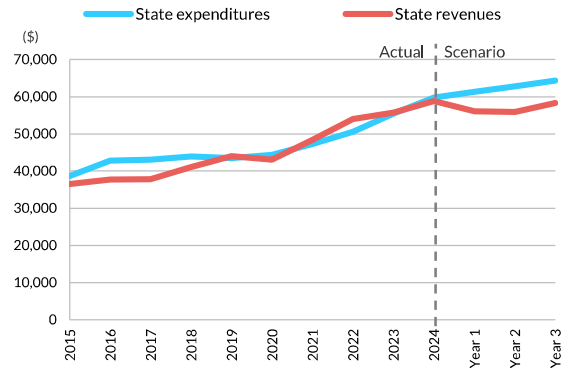
Budgetary management during periods of economic recovery consistently supports the rebuilding of financial flexibility. The commonwealth's relatively slow fiscal recovery from the Global Financial Crisis limited its ability to quickly restore fiscal resilience. The commonwealth faced budgetary challenges at several points during the economic expansion that ended with the pandemic, including from the effect of shifting federal tax law and from unexpected demands for Medicaid.

Despite these initial post-recession drags on fiscal progress, conservative revenue assumptions and the reserve funding mechanisms noted above enabled the commonwealth to rebuild a sizable stabilization fund balance. The commonwealth has limited its use of nonrecurring resources. Budgetary mechanisms to shift cyclical windfalls to the stabilization fund raised its balance considerably in the period immediately preceding the pandemic, a trend that accelerated during the post-pandemic expansion.

Peer Analysis

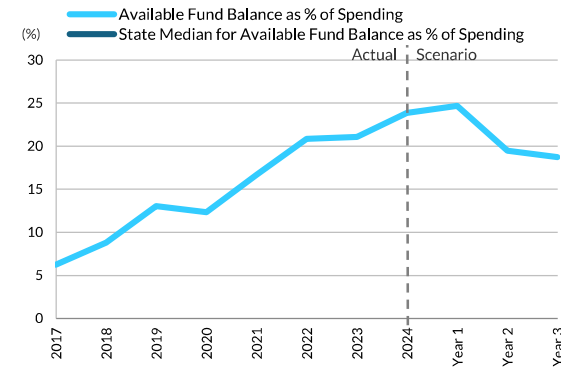
Massachusetts' peer group includes North Carolina (AAA), Virginia (AAA), Michigan (AA+) and Colorado (not rated), comprising the third decile according to state GDP. Massachusetts has benefited from strong long-term economic growth that supports expectations for healthy revenue growth, although it has higher long-term liabilities than its peers. As with other highly rated states, Massachusetts' operating performance is very strong, with the commonwealth's mechanisms for maintaining budgetary balance supporting its ability to manage through the economic cycle.

State Revenues and Expenditures in an Unaddressed Stress



Source: Fitch Ratings, Massachusetts, Commonwealth of (MA) Annual Comprehensive Financial Reports

Available Fund Balance as % of Spending in an Unaddressed Stress



Source: Fitch Ratings, Massachusetts, Commonwealth of (MA) Annual Comprehensive Financial Reports

Scenario Parameters:		Year 1	Year 2	Year 3
GDP assumption (% change)		-1.0%	0.5%	2.0%
Expenditure assumption (% change)		2.5%	2.5%	2.5%
Revenue output (% change)	Minimum Y1 -1% stress:	-4.7%	-0.3%	4.2%
State Median	Case Moderate used:	NA	NA	NA

Revenues, expenditures, and net change in fund balance	Actuals										Scenario output		
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Year 1	Year 2	Year 3
Expenditures													
Total expenditures	52,682	58,074	58,593	60,283	59,794	62,895	70,260	77,782	83,293	87,312	89,494	91,732	94,025
% Change in total expenditures	5.4%	10.2%	0.9%	2.9%	-0.8%	5.2%	11.7%	10.7%	7.1%	4.8%	2.5%	2.5%	2.5%
State expenditures	38,637	42,841	43,026	43,952	43,466	44,419	47,307	50,568	55,500	59,785	61,279	62,811	64,382
% Change in state expenditures	4.9%	10.9%	0.4%	2.2%	-1.1%	2.2%	6.5%	6.9%	9.8%	7.7%	2.5%	2.5%	2.5%
Revenues													
Total revenues	50,610	52,992	53,391	57,454	60,335	61,556	71,381	81,193	83,578	86,383	84,277	84,837	87,926
% Change in total revenues	6.1%	4.7%	0.8%	7.6%	5.0%	2.0%	16.0%	13.7%	2.9%	3.4%	-2.4%	0.7%	3.6%
Federal revenues	14,045	15,233	15,567	16,331	16,328	18,475	22,953	27,214	27,793	27,527	28,215	28,920	29,643
% Change in federal revenues	6.8%	8.5%	2.2%	4.9%	-0.0%	13.2%	24.2%	18.6%	2.1%	-1.0%	2.5%	2.5%	2.5%
State revenues	36,565	37,760	37,824	41,123	44,008	43,080	48,428	53,979	55,785	58,856	56,062	55,917	58,283
% Change in state revenues	5.8%	3.3%	0.2%	8.7%	7.0%	-2.1%	12.4%	11.5%	3.3%	5.5%	-4.7%	-0.3%	4.2%
Excess of revenues over expenditures	-2,073	-5,082	-5,202	-2,829	542	-1,339	1,121	3,411	285	-928	-5,218	-6,894	-6,099
Total other financing sources	2,759	5,050	5,526	4,070	1,731	1,231	2,784	905	801	5,465	2,237	2,438	2,369
Net change in fund balance	686	-32	324	1,241	2,273	-108	3,905	4,316	1,086	4,537	-2,981	-4,456	-3,729
Available Fund Balance	3,513	3,896	3,670	5,318	7,795	7,763	11,741	16,231	17,559	20,852	22,096	17,872	17,640
% Total expenditures	6.7%	6.7%	6.3%	8.8%	13.0%	12.3%	16.7%	20.9%	21.1%	23.9%	24.7%	19.5%	18.8%
% State expenditures	9.1%	9.1%	8.5%	12.1%	17.9%	17.5%	24.8%	32.1%	31.6%	34.9%	36.1%	28.5%	27.4%
% Total revenues	6.9%	7.4%	6.9%	9.3%	12.9%	12.6%	16.4%	20.0%	21.0%	24.1%	26.2%	21.1%	20.1%
% State revenues	9.6%	10.3%	9.7%	12.9%	17.7%	18.0%	24.2%	30.1%	31.5%	35.4%	39.4%	32.0%	30.3%

Notes: Scenario analysis represents an unaddressed stress on issuer finances. Fitch's scenario analysis assumes the GDP and expenditure growth sequence shown in the 'Scenario Parameters' section.

Source: Fitch Ratings and U.S. state annual financial statements

SOLICITATION & PARTICIPATION STATUS

For information on the solicitation status of the ratings included within this report, please refer to the solicitation status shown in the relevant entity's summary page of the Fitch Ratings website.

For information on the participation status in the rating process of an issuer listed in this report, please refer to the most recent rating action commentary for the relevant issuer, available on the Fitch Ratings website.

DISCLAIMER & DISCLOSURES

All Fitch Ratings (Fitch) credit ratings are subject to certain limitations and disclaimers. Please read these limitations and disclaimers by following this link: <https://www.fitchratings.com/understandingcreditratings>. In addition, the following <https://www.fitchratings.com/rating-definitions-document> details Fitch's rating definitions for each rating scale and rating categories, including definitions relating to default. Published ratings, criteria, and methodologies are available from this site at all times. Fitch's code of conduct, confidentiality, conflicts of interest, affiliate firewall, compliance, and other relevant policies and procedures are also available from the Code of Conduct section of this site. Directors and shareholders' relevant interests are available at <https://www.fitchratings.com/site/regulatory>. Fitch may have provided another permissible or ancillary service to the rated entity or its related third parties. Details of permissible or ancillary service(s) for which the lead analyst is based in an ESMA- or FCA-registered Fitch Ratings company (or branch of such a company) can be found on the entity summary page for this issuer on the Fitch Ratings website.

In issuing and maintaining its ratings and in making other reports (including forecast information), Fitch relies on factual information it receives from issuers and underwriters and from other sources Fitch believes to be credible. Fitch conducts a reasonable investigation of the factual information relied upon by it in accordance with its ratings methodology, and obtains reasonable verification of that information from independent sources, to the extent such sources are available for a given security or in a given jurisdiction. The manner of Fitch's factual investigation and the scope of the third-party verification it obtains will vary depending on the nature of the rated security and its issuer, the requirements and practices in the jurisdiction in which the rated security is offered and sold and/or the issuer is located, the availability and nature of relevant public information, access to the management of the issuer and its advisers, the availability of pre-existing third-party verifications such as audit reports, agreed-upon procedures letters, appraisals, actuarial reports, engineering reports, legal opinions and other reports provided by third parties, the availability of independent and competent third-party verification sources with respect to the particular security or in the particular jurisdiction of the issuer, and a variety of other factors. Users of Fitch's ratings and reports should understand that neither an enhanced factual investigation nor any third-party verification can ensure that all of the information Fitch relies on in connection with a rating or a report will be accurate and complete. Ultimately, the issuer and its advisers are responsible for the accuracy of the information they provide to Fitch and to the market in offering documents and other reports. In issuing its ratings and its reports, Fitch must rely on the work of experts, including independent auditors with respect to financial statements and attorneys with respect to legal and tax matters. Further, ratings and forecasts of financial and other information are inherently forward-looking and embody assumptions and predictions about future events that by their nature cannot be verified as facts. As a result, despite any verification of current facts, ratings and forecasts can be affected by future events or conditions that were not anticipated at the time a rating or forecast was issued or affirmed. Fitch Ratings makes routine, commonly-accepted adjustments to reported financial data in accordance with the relevant criteria and/or industry standards to provide financial metric consistency for entities in the same sector or asset class.

The information in this report is provided "as is" without any representation or warranty of any kind, and Fitch does not represent or warrant that the report or any of its contents will meet any of the requirements of a recipient of the report. A Fitch rating is an opinion as to the creditworthiness of a security. This opinion and reports made by Fitch are based on established criteria and methodologies that Fitch is continuously evaluating and updating. Therefore, ratings and reports are the collective work product of Fitch and no individual, or group of individuals, is solely responsible for a rating or a report. The rating does not address the risk of loss due to risks other than credit risk, unless such risk is specifically mentioned. Fitch is not engaged in the offer or sale of any security. All Fitch reports have shared authorship. Individuals identified in a Fitch report were involved in, but are not solely responsible for, the opinions stated therein. The individuals are named for contact purposes only. A report providing a Fitch rating is neither a prospectus nor a substitute for the information assembled, verified and presented to investors by the issuer and its agents in connection with the sale of the securities. Ratings may be changed or withdrawn at any time for any reason in the sole discretion of Fitch. Fitch does not provide investment advice of any sort. Ratings are not a recommendation to buy, sell, or hold any security. Ratings do not comment on the adequacy of market price, the suitability of any security for a particular investor, or the tax-exempt nature or taxability of payments made in respect to any security. Fitch receives fees from issuers, insurers, guarantors, other obligors, and underwriters for rating securities. Such fees generally vary from US\$1,000 to US\$750,000 (or the applicable currency equivalent) per issue. In certain cases, Fitch will rate all or a number of issues issued by a particular issuer, or insured or guaranteed by a particular insurer or guarantor, for a single annual fee. Such fees are expected to vary from US\$10,000 to US\$1,500,000 (or the applicable currency equivalent). The assignment, publication, or dissemination of a rating by Fitch shall not constitute a consent by Fitch to use its name as an expert in connection with any registration statement filed under the United States securities laws, the Financial Services and Markets Act of 2000 of the United Kingdom, or the securities laws of any particular jurisdiction. Due to the relative efficiency of electronic publishing and distribution, Fitch research may be available to electronic subscribers up to three days earlier than to print subscribers.

For Australia, New Zealand, Taiwan and South Korea only: Fitch Australia Pty Ltd holds an Australian financial services license (AFS license no. 337123) which authorizes it to provide credit ratings to wholesale clients only. Credit ratings information published by Fitch is not intended to be used by persons who are retail clients within the meaning of the Corporations Act 2001.

Fitch Ratings, Inc. is registered with the U.S. Securities and Exchange Commission as a Nationally Recognized Statistical Rating Organization (the "NRSRO"). While certain of the NRSRO's credit rating subsidiaries are listed on Item 3 of Form NRSRO and as such are authorized to issue credit ratings on behalf of the NRSRO (see <https://www.fitchratings.com/site/regulatory>), other credit rating subsidiaries are not listed on Form NRSRO (the "non-NRSROs") and therefore credit ratings issued by those subsidiaries are not issued on behalf of the NRSRO. However, non-NRSRO personnel may participate in determining credit ratings issued by or on behalf of the NRSRO.

Copyright © 2025 by Fitch Ratings, Inc., Fitch Ratings Ltd. and its subsidiaries. 33 Whitehall Street, NY, NY 10004. Telephone: 1-800-753-4824, (212) 908-0500. Reproduction or retransmission in whole or in part is prohibited except by permission. All rights reserved.