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The Week in Public Finance: What the Aging Population Means for State Finances

One-third of states will be "super-aged" by 2026, weighing down economies and finances for years to come.

Last week, Vermont was downgraded a notch by Moody's Investors Service, which cited pension debt and slow economic growth as the culprits. Connecticut knows a thing or two about that; it has struggled for years with downgrades due to lackluster growth.

But there's something else affecting these states' ratings: older populations. And the two are far from alone.

Declining working-age populations has already been a trend in 10 states over the past decade. But what's happening in Connecticut and Vermont may be foreshadowing what's in store for about one-third of the country. By 2026, a total of 17 states will move into the "super aged" category, meaning that at least 20 percent of their populations will be 65 or older, according to a recent report by Fitch Ratings.

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BY LIZ FARMER | NOVEMBER 2, 2018

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