CONNECTICUT ECONOMIC UPDATE

Sean Scanlon
State Comptroller
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In this month's edition

Outlook: U.S. economic growth has slowed from its 2024 pace but appears stable, with a 90-day tariff rollback last month between the U.S. and China helping to ease recession concerns and drive a rebound in stocks. Consumer confidence also rebounded, with the index rising to 98.0 in May from 85.7 in April. On May 28th, the U.S. Court of International Trade dealt a major blow to President Trump's trade agenda by blocking the country-specific and 10% baseline tariffs—though a stay of that ruling keeps them in place at least through June 9th. If the court ruling withstands appeals, already-paid tariffs will be refunded to businesses, and the administration is expected to pursue new tariffs under a separate law. Tariffs on steel, aluminum and autos are not affected, though Trump has said steel and aluminum tariffs will double to 50% on June 4th. The broad tariffs now in limbo were expected to increase inflation and dampen both domestic and global growth this year, though the pass-through to consumer prices has been modest so far. The Consumer Price Index rose just 2.3% year-over-year in April; its slowest rate since February 2021. Retail sales rose just 0.1% and the savings rate jumped from 4.3% in March to 4.9% in April, as consumers pulled back following a March surge in spending to beat tariff increases. Moody's downgraded the U.S. credit rating on May 16, citing mounting federal debt and contributing to a rise in long-term interest rates. The Federal Reserve is expected to hold rates steady at its June meeting, with potential cuts later in 2025 dependent on inflation risks and labor market resilience. Connecticut's economy is largely expected to follow national trends.

Property insurance premiums have surged: This month we go deep on how inflation, increasingly extreme weather, dangerous driving, higher reinsurance costs and other factors have contributed to double-digit rate increases for auto and homeowners' insurance in Connecticut and around the country in the past few years.

Hotels Seeing Occupancy Rates Rise in 2025: Unlike all other New England states, Connecticut's traditional lodging industry has seen occupancy rates rise 2.3% year-to-date through April in 2025 compared to last year.

Connecticut labor market update: April was a strong month for hiring (+6,900), reversing February and March losses, based on preliminary data. Labor force growth has outpaced hiring in 2025, contributing to the unemployment rate rising for the 4th consecutive month to 3.7%. Hourly wage growth has slowed to 2.0%.

Connecticut saw the fastest home price growth in the nation in 2024, as low inventory continues to push up prices. April existing home sales were below last year's anemic level in Connecticut and nationally.

The U.S. Department of Education has resumed collections on defaulted federal student loans, concluding a pause initiated during the COVID-19 pandemic. Connecticut has nearly 550,000 borrowers carrying student debt of $20.6 billion. Individuals in default face potential wage garnishments, tax refund withholdings, reductions in Social Security benefits and damage to their credit scores.

KEY DATES THIS MONTH

6/6 – May U.S. jobs report
6/11 – May CPI inflation report
6/17-6/18 Federal Reserve FOMC Meeting
6/20 –May CT jobs report
6/27 – CT GDP & Personal Income 2025 Q1

Did you know?

In May, the U.S. House narrowly passed the "One Big, Beautiful Bill Act." The bill now heads to the Senate. It includes roughly $4 trillion in tax cuts over ten years and raises the debt limit. The revenue loss is partially offset by $1.8 trillion in federal spending cuts, mostly to Medicaid, SNAP, tuition aid, and clean energy investments. Millions are projected to lose health coverage and food assistance as a result. The legislation is also expected to add about $2.8 trillion to federal deficits by 2034. Next month we'll dive into the bill's likely Connecticut impacts.

About OSC

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SPOTLIGHT: WHAT'S BEHIND SKYROCKETING HOME & AUTO INSURANCE COSTS?

Facing escalating insurance costs for both **cars** and **homes**, households across the state are feeling the pinch as inflation, severe weather, and other factors converge to drive rates upward. An increasing share of homeowners are even being dropped by their insurers altogether.

In Connecticut, where unjustified rate increases are reduced by the Connecticut Insurance Department, premium costs are largely rising in tandem with insurer costs and the claims insurers expect to pay out. We discuss why premiums have soared, the possible impacts from tariffs, and why more homeowners should be thinking about flood insurance.

Auto Insurance: Inflation, Dangerous Driving and New Tech Push up Premiums

Connecticut drivers paid $3.9 billion in auto insurance premiums in 2022 according to the National Association of Insurance Commissioners (NAIC), to insure about 2.4 million vehicles. The average amount spent on car insurance in Connecticut that year was $1,282.

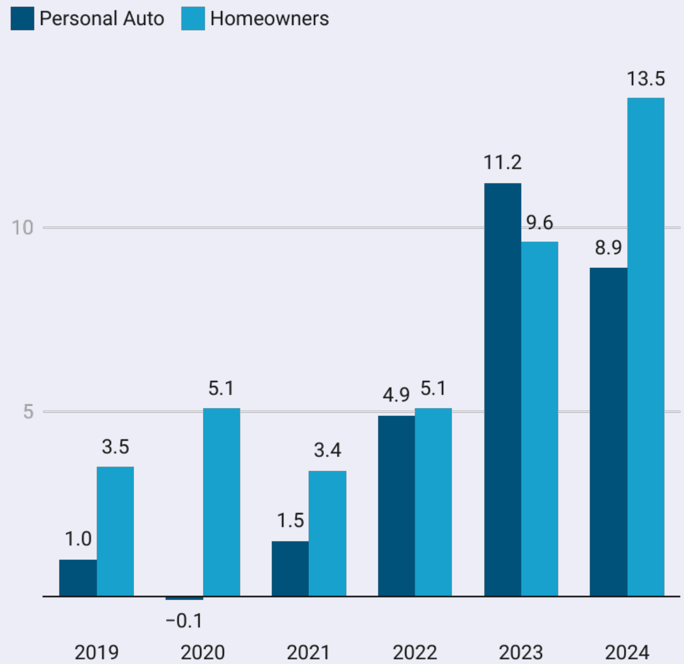
The actual premiums you pay for car insurance depend on many factors including driving record, claims history, location, age, vehicle, whether you purchase optional collision or comprehensive coverages, and selected coverage limits and deductibles. **But recently, general factors have been driving up rates, even if your personal factors haven't changed.**

Connecticut regulators approved average premium increases for personal auto insurance of 11.2% and 8.9% in the past two years, sending premiums soaring. The spike in auto premiums can be traced to several converging factors.

Inflation: People are buying more expensive vehicles, which cost more to replace, and therefore more to insure. Price increases for auto parts and rising wages at repair shops have also driven up the cost of vehicle repairs.

Connecticut Rate Level Changes (%)

Average Insurance Premium Increases Allowed by the Connecticut Insurance Department



Source: Connecticut Insurance Department, Property & Casualty Insurance Rate Reviews • Created with Datawrapper

Insurance works by pooling money from many people to help cover the cost of unexpected events like accidents or property damage. Everyone pays a **premium**-the price of the policy—but since not everyone has big losses at the same time, the insurer uses the pool to cover the few who do.

Auto Insurance Terms

Liability coverage - required by state law, covers injuries to other people and damage to their property you cause. It must cover damages up to at least $25,000 per person and $50,000 per accident for bodily injury claims and $25,000 per accident for property damage. The state also requires **uninsured/underinsured coverage** that protects you and your passengers if the other driver is at fault but doesn't have (enough) insurance.

Collision coverage – optional, pays for damage to your car from an accident regardless of fault

Comprehensive coverage – optional, pays for vehicle damage that wasn't caused by a crash (e.g., theft, weather damage).

Full-coverage auto insurance includes all the above.

The price of new and used vehicles surged 31% from late 2019 to the end of 2022 according to the Northeast Region Consumer Price Index, as supply chain disruptions limited the amount of chips available for car manufacturing during the pandemic. Rising medical services prices have pushed up bodily-injury claims. These higher claim costs filter into premiums with a substantial lag.

Tariffs are expected to exacerbate this trend in the year ahead, as the President has implemented a 25% import tax on vehicles and auto parts, which will further increase replacement and repair costs. However, increases may not happen right away because the higher costs must first show up in insurers' data to justify higher rates.

Another major factor is that **the roads have become more dangerous**. People stopped driving as much in 2020, resulting in fewer accidents, which kept premiums low that year. But those empty roads proved tempting for daredevils. Faster and more dangerous driving patterns that began during the pandemic have continued since then, leading to rising accident frequencies and more severe incidents. The number of fatal crashes is up. On average 343 Connecticut residents have died per year in motor vehicle accidents in the years 2020-2023, up 19% from the 2010-2019 average of 289 deaths per year.

Escalating litigation and large settlement payouts related to bodily injury claims have further increased insurer costs.

A longer-term trend, **technological advancements in vehicles**, such as advanced driver assistance systems (ADAS) and sophisticated sensors, have driven up repair costs dramatically. The average collision policy claim cost has risen more than 30% since 2014 after adjusting for inflation, based on national data cited by the Insurance Information Institute (III). Gone are the days of a cheap claim. Now replacing a simple bumper, for example, frequently involves intricate electronic systems. Electric vehicles often face higher repair costs and now make up a larger share.

Finally, **the rising frequency and intensity of extreme weather** is another factor that impacts comprehensive coverage costs, since those policies cover damage to your vehicle from storms or flooding.

These trends are not unique to Connecticut, though because insurance is regulated at the state level, similar states can have notably different rates. For example, Connecticut physical damage auto insurance premiums are lower than Rhode Island's. One likely reason for this is that Connecticut allows insurers to recommend a shop for repairs, which the policyholder can choose to use or ignore. That helps direct business to establishments insurers have vetted as competitively priced, which keeps overall claim costs lower.

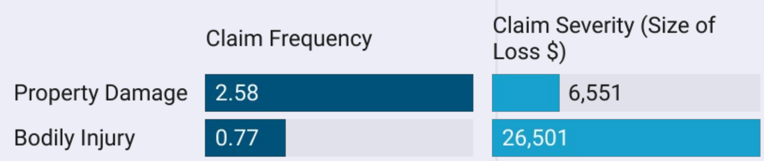
How can you minimize auto insurance costs?

Connecticut's auto insurance market is considered healthy and competitive, so drivers should **shop around for the best rate**. There can be wide discrepancies between carriers.

Keeping a clean driving record and **maintaining good credit** also reduce premium costs.

Private Passenger Auto Liability Insurance Losses

National data for 2023 shows insurers face much higher losses per claim for accident victims' medical costs and lost wages, but property damage claims occur more frequently.



Claim frequency is claims per 100 earned car years. A car year is 365 days of coverage for one vehicle. Claim severity includes loss adjustment expenses.

Source: Insurance Information Institute • Created with Datawrapper

Homeowners Insurance: More Extreme Weather, Reinsurance, and Inflation Drive Premium Growth around the U.S.

Homeowners insurance covers the structure of your home and your personal property, as well as your personal legal responsibility (or liability) for injuries to others or their property while they're on your property. The typical annual cost in Connecticut was $2,600 in 2024, according to Insurify,[1] but rates vary widely based on factors like the value of your home, location, and claims history. Statewide premiums totaled $1.9 billion in 2022 according to the NAIC.

Like for auto insurance and for many of the same reasons, **Connecticut has seen premiums rise significantly in recent years.** The Connecticut Insurance Department allowed rate increases averaging 9.6% in 2023 and 13.5% in 2024, significantly higher than previous years increases of 3% to 5%. The large increases reflect the state's growing exposure to severe weather events, higher reinsurance expenses for the industry, and rising rebuilding costs.

Extreme weather events are increasing in frequency, driving more claims. Nationally, the United States recorded 28 separate billion-dollar weather and climate disasters in 2023, followed by 27 such costly events in 2024, according to NOAA. That's up from an average of 3.3 per year in the 1980s, and 13.1 per year in the 2010s, with costs adjusted for inflation. Wildfires, hurricanes, hail, and severe storms are all becoming more frequent events. Florida is especially exposed to natural disasters, with 2024 average premiums at over $14,000 per year in that state according to Insurify.

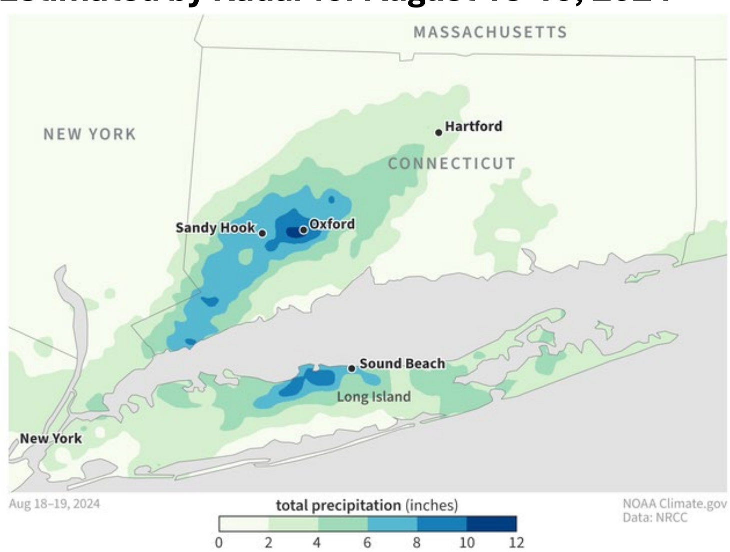
Connecticut has experienced costly damage from recent storms like Tropical Storm Isaias (2020), Hurricane Ida (2021) and historic flooding last year around Oxford. **Wind, which frequently damages roofs, and resulting water damage, are the main loss drivers in Connecticut.** Fire is a secondary, but still significant driver of home insurance losses in the state.

Insurers are responding to the rising climate threat by increasing premiums, requiring higher levels of coverage or **dropping coverage all together** for policyholders in areas deemed too high risk, or whose homes are in disrepair. For example, nearly 20 companies pulled out of the Louisiana market in the past two years, and insurers have made high-profile exits from the California and Florida markets.

Connecticut's insurance market is in much better shape, partly because state regulators allowed insurers to start pricing in model-based catastrophe risk more than a decade ago, while California only recently made that change. That regulatory step distributed premium growth from increasing climate risk more gradually over time.

But the state is not immune from the trend of insurers deciding more risks aren't worth it, and the coastal areas

Flood-Causing Rain: 48-hour Rainfall Estimated by Radar for August 18-19, 2024



[1] Insurify's rates represent the average annual cost of an HO-3 insurance policy for homeowners with good credit and zero claims within the past five years, covering a single-family frame house with the following coverage limits: $400,000 dwelling, $25,000 personal property, $30,000 loss of use, $300,000 liability, and a $1,000 deductible. Data is based on quotes for new business, which is often priced differently from renewals.

of the state are what's called a "hard market," where coverage can be more difficult to obtain. A Senate Budget Committee Report from late 2024 ranked Connecticut as 9th among states for the percentage of non-renewals in 2023 (at 1.34%). A non-renewal is when your carrier declines to continue offering coverage at the end of your contract period. Insurers dropped coverage for roughly 14,400 Connecticut homeowners in 2023, up 45% from 2022.

Aside from protecting homeowners against the loss of a primary asset, insurance is required for anyone with a mortgage. Homes that cannot be insured by traditional homeowners' insurance policies often pay more in the surplus lines market or for the state's FAIR plan, which is an insurer-of-last resort.

If premiums get too high for homeowners to afford, they are likely to reduce coverage, making them more exposed should a disaster or loss occur. High insurance costs or difficulty obtaining it could eventually drive down property values by reducing demand for them, as most future buyers would need coverage to get a mortgage.

Other Factors Driving Up Homeowners' Premiums

Reinsurance prices spiked. Insurance companies don't hold all their risk on their own balance sheets; they buy reinsurance to protect themselves from very large losses. Following major insurance losses around the world in 2022, prices for reinsurance jumped in 2023. The Guy Carpenter U.S. Property-Catastrophe Rate-on-Line Index leapt about 35% at 2023 renewals, the biggest annual increase in 17 years. That index, which tracks reinsurance pricing, hit another record high in 2024. As Connecticut insurers have higher expenses for coverage, some of that extra cost flows into homeowners' bills.

Rebuilding is far more expensive than it used to be. The U.S. Census Bureau's price index for single-family home construction increased by 50% from December 2017 to December 2023 compared with overall inflation of 25%, driving up rebuilding costs for insurers after homes are damaged. That filters straight into claim severity and, ultimately, premiums. Pandemic supply-chain disruptions and post-pandemic labor shortages have driven up costs. New tariffs in 2025 and fewer immigrants to fill construction jobs could continue that trend next year. The U.S. imports a significant amount of building materials from Canada and appliances from abroad.

What are State Regulators Doing?

The **Connecticut Insurance Department** (CID) continues to vet car and homeowners insurance rate filings. For 2024, homeowners insurers had asked for an average rate increase of 14.4%, which the department's actuaries reduced to 13.5%. Officials say their rate review saved consumers $34.5 million on homeowners insurance and $67.6 million on passenger auto. Part of the agency's role is making sure insurance companies remain solvent to pay out future claims, so rate increases are approved when justified.

In 2024, State Insurance Commissioner Andrew Mais formed a **Severe Weather Mitigation and Resiliency Advisory Council** to design a statewide program that will harden homes and small businesses against wind, flood and other climate-driven perils, while keeping insurance available and affordable. The council plans to focus first on mitigating wind damage through roof upgrades because proven retrofit standards already exist. They are exploring possible funding mechanisms for something similar to Alabama's "Strengthen Alabama Homes" program.

When a roof is damaged by wind during a storm, rainwater adds to the damage and can require costly mold remediation. **Homeowners can prevent these costly claims by upgrading their roof** up to fortified roof standards, which include taping the seams between plywood boards to prevent water getting through and using special roofing nails. The council estimates it costs about $1,000 to $2,000 extra to make the upgrades during a normal roof replacement on a 2,000 square foot house.


New Haven, CT

Problem: Flood Risks Have Risen and Aren't Covered

One peril that's not usually covered in those rising home insurance premiums is flooding. According to NOAA, which cites the Fifth National Climate Assessment, "precipitation across the Northeast is increasing across all seasons, and extreme precipitation events have increased nearly 60% in the region [over 2018-2022]–the largest increase in the United States."

Inland flooding from extreme rainfall, such as the August 2024 flooding in Oxford, Southbury and surrounding towns, has shown the need for greater awareness of flood risks away from the coast. Homeowners in a FEMA-designated flood zone must purchase flood insurance to get a mortgage, but most other homeowners are not protected. **Officials stress that anywhere that it rains, it can flood.** You can evaluate your risk for flood and other perils by typing your address into the website of First Street, a public benefit corporation that estimates property risk. Many of the homes damaged in last year's floods were outside FEMA flood plains but had First Street flood scores over 7.

State lawmakers have passed legislation this year that will **increase prospective buyers' awareness of past flooding** at a property before they buy it. Knowing your home has flooded before can help you make informed choices about what insurance to buy.

For someone on a fixed income expecting their housing bill to remain relatively stable, double-digit insurance premium growth was probably not in their budget. Connecticut families have already been squeezed by high inflation since 2022 and wages that haven't necessarily kept up.

What's ahead?

Tariffs are the wildcard, depending on where import taxes settle for key construction materials, appliances, vehicles, and auto parts as a result of President Trump's ongoing trade negotiations. Many vehicles and auto parts are subject to a new 25% rate and appliances made in China face new 30% tariffs, as of the end of May. Aside from that, inflation has been coming down, and most of the other cost drivers discussed above have already been priced in. **While premiums are unlikely to go down, they are not expected to rise as fast in future years,** unless key tariff rates settle at a high level or new factors emerge.

Around the country, more homeowners have seen their insurance costs spiking to unsustainable levels. It's happening in the center of the country as well as on the coasts, exacerbated by the fact that people continue to move into at-risk locations.

Given that climate-related risks are expected to worsen over time, well-maintained homes that lose value because they can't get affordable insurance are not likely to recover in value. The Senate Budget Committee report describes how if that happened on a large scale, it would also be detrimental for towns' grand lists and budgets, and ultimately for local economies.

Surging property and casualty insurance costs and non-renewals are impacting Connecticut businesses and nonprofits as well, for many of the same reasons described here. Another factor –a change to federal law in 2022 that removed the statute of limitations for child sex abuse lawsuits—has led insurers to reassess the risks of covering certain social service providers, creating an insurance crisis for that industry.

What can you do?

Individuals can evaluate their home's risks, including for flooding, and purchase adequate protection against loss by talking to their insurance agent or company. Not having enough insurance can turn a tragedy like a bad car accident or flooding in your home into a huge financial setback as well. It's worth it to shop around for the best rates. Prices can vary dramatically between carriers, though switching insurers every year is not recommended if you don't want to risk being dropped after a big claim. Bundling car and home insurance can also provide a discount.

Inflation, increasingly extreme weather, dangerous driving, and new tech are all contributing to the surge in costs for auto and homeowners' insurance in Connecticut and around the country. It'll be up to both individuals and policymakers to take proactive steps to ensure managing risk is affordable and people have adequate financial protection in the years to come.

CONNECTICUT LABOR MARKET UPDATE

Despite turmoil in financial markets related to tariffs, Connecticut businesses were hiring last month. Connecticut nonfarm payrolls added 6,900 jobs in April, seasonally adjusted, according to preliminary data from the Department of Labor, reversing losses seen in March (-4,100) and February (-1,700). Month-to-month volatility is normal in this economic data, so economists prefer to look at trends over longer periods. Looking at the change since January 2024, total employment and the labor force (people working or actively looking for a job) are both up very slightly (roughly 1,100 jobs and 3,000 people, respectively). The labor force has grown faster, contributing to:

- an increasing unemployment rate (now 3.7%, up from 3.3% in January) and
- the number of residents unemployed reaching 72,200, the highest level since July 2022.

While growing unemployment may increase the time it takes for job seekers to find positions, since there is more competition, this **softening in the labor market without overall job losses** is likely a welcome development for business owners still struggling to fill positions or looking to expand. According to Connecticut data from the Job Openings and Labor Turnover Survey (JOLTS), **there were 73,000 job openings in the state in March.** The state's 3.7% unemployment rate is still very low by historical standards and remains 0.5% below the national unemployment rate of 4.2%. **Average hourly wage growth has slowed to 2% for Connecticut employees**, year-over-year, not seasonally adjusted, though hourly wages in sectors including Construction (5.6%), Private Education and Healthcare (5.3%) and Trade, Transportation and Utilities (4.8%) have seen much faster growth.

Thanks to strong April hiring, **the private sector hit a new record high, at 1,483,600 jobs**, up 13,500 jobs (0.9%) for the year.

The Private Educational Services sector, which includes jobs at private universities, gained 1,900 jobs, erasing most of the sector's drop in March. That drop appears to have been mostly due to student workers not being on the job in March during the week of the employment survey, which coincided this year with spring breaks, since employment mostly bounced back in April. The net loss of 200 jobs in the sector since February could be related to recent federal funding cuts to higher education, especially for research funding, but could also just be normal monthly variation.

The government sector is down 1,500 jobs (-0.6%) for the year but gained 100 in April. It includes all civilian federal, state, local, and tribal government employment, including public education and Native American casino jobs located on federally recognized tribal reservations. **Federal government jobs are down by 300, with 100 of those being post office jobs**, according to the State Department of Labor. *See the appendix for more labor market data.*

April Connecticut Lodging Industry Update

Connecticut is bucking the trend in 2025, as **occupancy rates** in the state year-to-date through April have **risen 2.3% compared to 2024**, led by growth in Fairfield County and the Eastern Region. Conversely, all other New England states have seen lower average occupancy rates in 2025. Connecticut room prices have been flat, but **higher demand in 2025** has been driving single-digit year-over-year revenue growth, especially in February through April.

Source: Connecticut Statewide Marketing & Tourism Office

Boatyard in Stamford, CT

Connecticut Housing Market Trends
April 2025

+11.5%
Active Listings YoY
Realtor.com

-1.9%
Homes Sold YoY
Redfin

$451,400
+7.7%
Median Sales Price, YoY
Redfin

32
+0
Days on Market, YoY
Realtor.com

1,505
+6.1%
CT Housing Permits YTD, YoY
U.S. Census Bureau

6.86%
Freddie Mac 30-Year Fixed Rate Mortgage Average for the week ending 5/22

$1,692
+3.6%
Statewide Median Rent, YoY
Apartment List

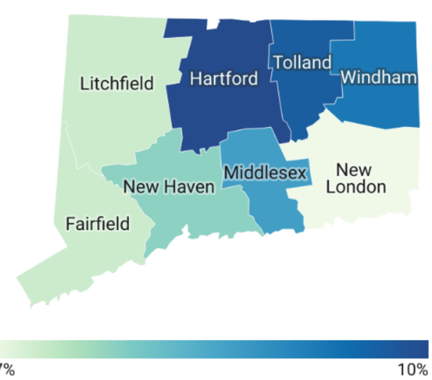
CONNECTICUT HOUSING MARKET

High mortgage rates, rising home prices, and poor consumer sentiment are weighing on Connecticut's housing market. The State's home sales are down 1.9% in April compared to last year, according to Redfin, while the median price rose to $451,400. Nationally, existing home sales fell to a seven-month low in April, at a seasonally adjusted annual rate of 4 million, and marked the slowest April sales pace since 2009. But rising inventories and new permits are positives.

According to Apartment List, rent growth for new leases in Connecticut slowed to 3.6% year-over-year in April, down from 5.1% in March, a welcome development for renters that have seen some of the highest average rent growth in the nation in the past year.

All-Transactions House Price Growth in 2024 by County

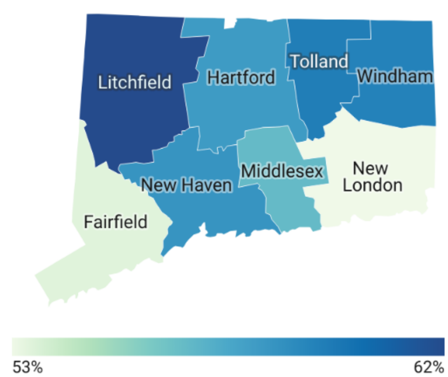
All counties saw prices continue to climb in 2024. Counties in blue saw the fastest growth.



Source: U.S. Federal Housing Finance Agency via FRED® • Created with Datawrapper

All-Transactions House Price Growth Since 2019

Cumulative price growth from 2019 to 2024 has been lowest in Fairfield and New London Counties.



Source: U.S. Federal Housing Finance Agency via FRED® • Created with Datawrapper

As measured by the U.S. Federal Housing Finance Agency's (FHFA) All-Transactions House Price Index (annual averages), Connecticut saw home prices rise 8.9% in 2024. **Connecticut, New Jersey and Wyoming saw the fastest appreciation among all states** from Q4 2023 to Q4 2024 according to the FHFA. Within Connecticut, Hartford, Tolland and Windham counties saw the fastest price growth in 2024, at 9.9%, 9.6%, and 9.2% respectively.

The surge in home values over the past four years, with Connecticut prices up 61.3% since 2019, is having repercussions outside the housing market. As properties are revalued by municipalities, homeowners are seeing their property tax bills spike, especially because residential property values have generally risen more than commercial valuations. This is resulting in a tax burden shift from businesses to homeowners in many towns. Similarly homeowners insurance premiums have increased 24% on average in the past 2 years. For homeowners on fixed incomes or those just getting by, this combination of higher taxes and rising insurance costs is causing real financial strain.

CONNECTICUT BRACES FOR STUDENT LOAN COLLECTIONS

As of May 5, 2025, the U.S. Department of Education has resumed collections on defaulted federal student loans, concluding a pause initiated during the COVID-19 pandemic. This policy shift significantly affects Connecticut, where nearly 550,000 borrowers (equal to 15% of Connecticut's population) carry student debt of $20.6 billion, with an average debt per borrower of approximately $37,600, according to the Federal Reserve Bank of New York Consumer Credit Panel based on Equifax data.

How did we get here?

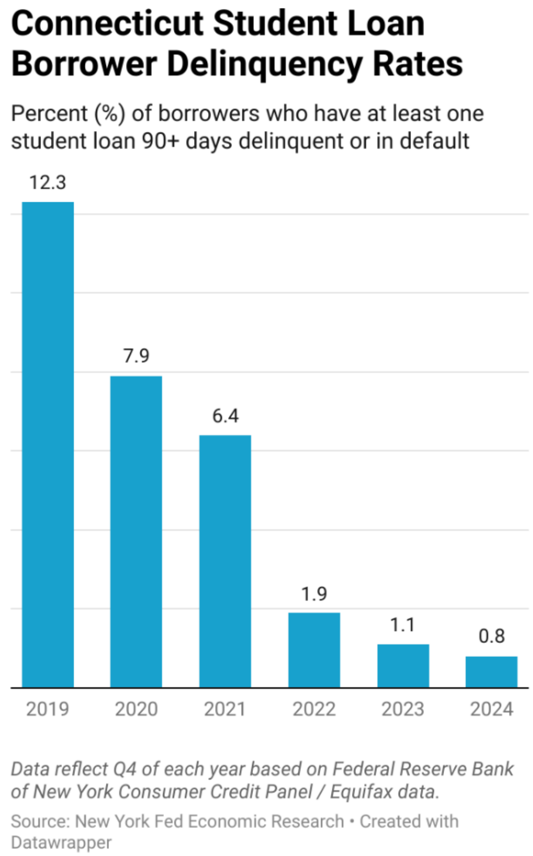
After getting a major break during the pandemic, when the federal government paused payments and the accrual of interest for federally owned loans for 3.6 years, most borrowers had to resume payments in September 2023. The Biden Administration provided an extra year before the Department began reporting delinquencies to credit reporting agencies, marked past due loans current, cancelled student loan debt for about 5 million borrowers, and attempted to wipe out student debt for many more. That last action was blocked by the Supreme Court but may have confused borrowers about the status of their loans.

Since it takes months for loans to become seriously delinquent and 270 days from a missed payment to be in default, many borrowers have just recently reached those stages. Due to changes at the Department of Education, some do not even realize that their loan is not current and can face harsh repercussions as a result. Only 0.8% of Connecticut borrowers (about 4,400) were delinquent or in default in the fourth quarter of 2024, but that number has likely risen dramatically.

According to a press release from the Department of Education, there are 42.7 million borrowers nationwide with federal student loans, totaling more than $1.6 trillion. More than 5 million are in default as of April 21, 2025, having made no monthly payments in over 360 days, with another 4 million in late-stage delinquency. If that group also goes into default, nearly 25% of the federal student loan portfolio would be in default in a few months.

Economic Implications

The resumption of collections introduces financial challenges for Connecticut borrowers that have fallen behind. Individuals in default face potential wage garnishments, tax refund withholdings, and reductions in Social Security benefits. These measures, administered through the Treasury Offset Program, are set to commence in the coming months. Non-current borrowers also face large reductions in their credit scores, estimated at up to 171 points by a recent New York Fed analysis, which will make it harder or even impossible for those residents to get a car loan or mortgage.



State-Level Support and Resources

Connecticut borrowers are advised to proactively assess their loan statuses and explore available repayment plans through the Federal Student Aid website at StudentAid.gov. To assist borrowers, Connecticut has established the Office of the Student Loan Ombudsperson, led by Michelle Jarvis-Lettman. This office provides guidance on repayment options, loan rehabilitation, and navigating the complexities of federal student loan programs. Borrowers are encouraged to contact the office via email at dob.studentloanombuds@ct.gov or phone at 860-240-8122.

APPENDIX

Connecticut Housing Market	Apr-25	Apr-24	% Change or Change
Home Sales (Redfin)	2,696	2,747	-1.9%
Median Sales Price (Redfin)	451,400	419,200	7.7%
Active Listing Count (Realtor.com)	3,825	3,432	11.5%
New Listing Count (Realtor.com)	3,910	3,782	3.4%
Freddie Mac U.S. 30-Year Fixed Rate Mortgage Average (%) (Week ending 5/22/25 and 5/23/24)	6.86	6.94	-0.08
Median Days on Market (from listing to close, Realtor.com)	32	32	0.0
Average Sale-to-List Price Ratio (Redfin)	103.2%	103.2%	0.0%
Median Rent for New Leases (Apartment List)	1,692	1,632	3.7%
Single-family Housing Permits YTD-January (U.S. Census Bureau)	657	651	0.9%
2+ Unit Structures Housing Permits YTD- Jan. (U.S. Census Bureau)	848	768	10.4%

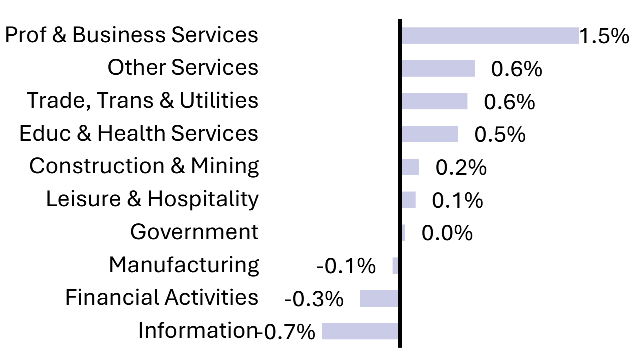
Some Data Retrieved from FRED, Federal Reserve Bank of St. Louis

Connecticut Labor Market	Apr-25	Mar-25	Apr-24
Unemployment Rate	3.7%	3.6%	3.1%
Total Unemployed	72,200	69,500	60,800
Total Nonfarm Employment	1,718,700	1,711,800	1,706,700
Job Growth	6,900	-4,500	1,300
Job Openings to Unemployed Ratio	-	1.1	1.5
Quit Rate	-	2.1	1.9
Average Monthly Initial Unemployment Claims	3,660	2,763	3,639
Labor Force Participation Rate	65.0%	64.9%	64.7%
Average Hourly Wage	$38.43	$39.12	$37.69

Data Source: Bureau of Labor Statistics & CT Department of Labor

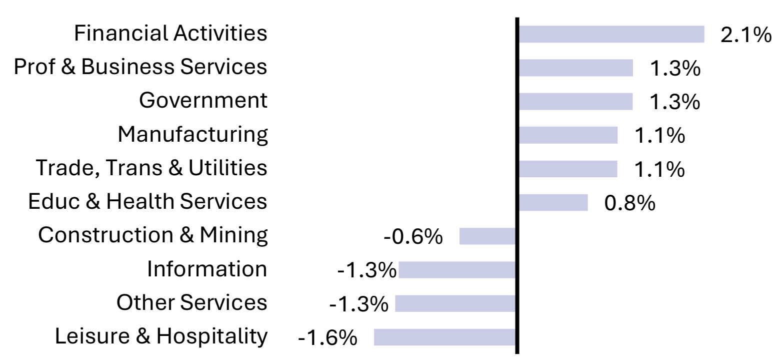
Connecticut Nonfarm Payroll Employment – April 2025 Percent Change by Industry

Month-over-Month



Data Source: CT Department of Labor

Year-over-Year



Data Source: CT Department of Labor