



IHS Markit™

The Economic Impact of the Connecticut Health and Educational Facilities Authority

April 2, 2025

**The Economic Impact of the Connecticut Health and Educational Facilities Authority
2019-2024
Executive Summary**

IHS Markit was engaged by CHEFA to conduct an economic impact analysis of CHEFA's tax-exempt bond financings from 2019 – 2024. CHEFA is a quasi-public authority established in 1965 to assist eligible not-for-profit educational institutions, health care institutions, nursing homes, childcare or child development facilities and other qualified nonprofit organizations. CHEFA facilitates the issuance of tax-exempt bonds in the public or private debt markets on behalf of these organizations. Bonds issued by CHEFA are an obligation of the borrowing organization, not CHEFA.

The IHS Markit study found that CHEFA-financed projects had wide ranging economic impact in the state, creating 9,486 jobs, \$647 million in labor income, and over \$900 million in gross domestic product annually on average from 2019-2024. These projects also created long term economic value through the not-for-profit education and healthcare institutions they supported. CHEFA facilitated \$2.064 billion in tax-exempt financing for capital projects for eligible not-for-profit entities from 2019 to 2024.

The impacts reported from this study are solely derived from the economic activity generated from the capital projects themselves. Only funds which are spent at Connecticut businesses are reflected in the analysis. Funds spent on equipment or materials manufactured outside of the state or in the hiring of non-resident labor are considered leakages, as are non-local purchases of services. This was accomplished using the IMPLAN modeling system developed at the University of Minnesota which tracks input purchases by industry by state through the use of a 'Social Accounting Matrix' model of the economy.

The average annual \$900 million impact on gross domestic product contributed 0.11% to Connecticut's gross domestic product in 2024. CHEFA's tax-exempt financing supported an average of 9,486 total jobs annually from 2019-2024 during a period in Connecticut when total employment grew by a 0.2% annually, or 2,620 jobs per year on average. CHEFA driven employment directly impacts the construction sector: Over half of the total jobs created by 501(c)(3) financing were construction jobs. If CHEFA's tax-exempt financing and grant funding did not take place, Connecticut would have lost out on these construction jobs, which pay above-average wages.

Executive Summary

- CHEFA facilitated \$2.064 Billion in financing for capital projects over 2019-2024 focused on healthcare and educational institutions.
- These projects had wide ranging economic impacts on Connecticut, creating 9,486 jobs, \$647 million in labor income, and over \$900 million in gross domestic product, annually on average from 2019-2024.
- In addition to the economic gains attributed to the construction and capital expenditures, these projects also created long-term economic value through the institutions they supported.
- Only funds which are spent at Connecticut businesses are reflected in the analysis. Funds spent on equipment or materials manufactured outside of the state or in the hiring of non-resident labor are considered leakages, as are non-local purchases of services.
- The impacts reported from this study are solely derived from the economic activity generated from the capital projects themselves.

Connecticut Economic Impact

- The average annual \$900 million impact on gross domestic product contributed 0.11% to Connecticut's gross domestic product in 2024.
- CHEFA's tax-exempt financing supported an average of over 9,400 total new jobs annually from 2019-2024 during a period in Connecticut when total employment grew by a 0.2% annually, or 2,620 jobs per year on average.
- CHEFA driven employment directly impacts the construction sector: Over half of the total jobs created by 501(c)(3) financing were construction jobs.
- If CHEFA's tax-exempt financing did not take place, Connecticut would have lost out on these construction jobs, which pay above-average wages.

Healthcare and Educational Catalysts

Health Care Providers:

- Employ workers at every skill level
 - > Over 295,000 employed in healthcare services industry in CT
 - > Healthcare services comprise 17% of total state employment, well above the national average
- Provide stability and growth in economic downturns
 - > Industry historically immune to business cycle fluctuations
 - > Demographic changes and technological advances drive investment demand
- Positive socio-economic externalities
 - > Viable hospitals lure other businesses and provide for healthier communities

Educational Institutions:

- Support and attract a more productive workforce, create centers for research and innovation, help spur new business ventures.
- Educational services in CT employs over 73,000, 4.4% of the workforce, much higher than the national average +2.4%).

Selected Tax-Exempt Bond Issuances

- Yale New Haven Health (2024): \$211.9 million.
 - > Financing of a portion of a Neuroscience Tower construction project with 200+ beds.
- CCMC (2023): \$112.4 million.
 - > Expansion project, including new eight story patient tower.
- Sacred Heart University (2022): \$100.0 million.
 - > Two new residence halls with 480 beds, an elevated parking garage, and 60,000 sq ft extension to the Health & Science Center.
- Hartford Healthcare (2020): \$183.6 million. Purchase of St. Vincent's Medical Center and other capital projects at Hartford Hospital.

Using IMPLAN to model 501(c)(3) impacts

- Economic activity generated by project expenditures on goods and services is derived from national and regional inter-industry purchasing relationships.
- *Direct effects* are the result of spending tied directly to the project, in addition there are two types of economic impacts generated through the supply chain linkages:
 - > *Indirect effects* are generated when a business directly involved in the change in spending purchases inputs from its suppliers located in the region. This spending supports suppliers as well as the businesses supporting those firms, etc.
 - > *Induced effects* are produced by the change in local spending of disposable income by all the workers involved in the event being studied, including both the direct workers supported by the initial changes in final demand (e.g., the construction workers) and by workers in the supplying industries (e.g., firms that sell concrete to the contractor).

CHEFA Financing: Connecticut Economic Impacts

Economic Impacts, Annual Average, 2019-24

Number of Jobs, Current \$000 Impact

Employment	9,486
Labor Income	\$ 647,470
GDP	\$ 938,998
Tax	\$ 18,473

Direct, Indirect, and Induced Employment Impacts

- Construction sector is the top beneficiary of capital dollars and direct jobs, but many other sectors benefit via the multiplier effect as the spending flows through the economy.
- 305 indirect jobs per year in the professional and business services sector.
 - > Architectural and engineering, accounting and tax preparation, and legal services, used for the planning and implementation of capital project.
- 264 induced jobs in the trade, transportation and utilities sector.
 - > Retail stores and wholesale trade businesses are impacted by changes in disposable income that result from increased employment in other areas of the economy.
- 239 induced jobs annually in the education and health services sector.
 - > Private hospitals and the offices of physicians, dentists and health practitioners as employees seek out general healthcare services.
 - > Private colleges, universities, and trade schools also are affected as demand for education generated by economic growth increases.

Conclusion

- CHEFA's tax-exempt financing directly and indirectly supported 9,486 jobs annually over the last five years in a wide array of industries.*
- These projects also annually supported over \$900 million in gross domestic product and \$647 million in labor income with jobs paying wages near the state average.
- The capital projects funded created long-term economic value for Connecticut, increasing quality of life and state competitiveness.
- CHEFA's tax-exempt financing helps 501(c)(3)s attain low-cost funding even during fluctuating economic cycles. This helps fund new construction projects when they are needed most.

*Economic impacts were derived by applying the direct expenditure generated by financed projects to the IMPLAN input/output industrial model for the state of Connecticut.