

21 APR 2026

Fitch Rates \$83MM Maine HHEFA Revs 'AA-'; Outlook Stable

Fitch Ratings - New York - 21 Apr 2026: Fitch Ratings has assigned an 'AA-' rating to the Maine Health and Higher Educational Facilities Authority's (MHHEFA) \$25,495,000 Revenue Bonds, series 2026A and \$57,640,000 series 2026B (federally taxable).

The Rating Outlook is Stable.

The 2026A and 2026B bonds will be sold via negotiation on or around the week of April 27, 2026.

The 'AA-' ratings on MHHEFA's revenue bonds reflect Maine's moral obligation (MO) commitment, which is factored into a two-notch rating distinction from the state's 'AA+' Long-Term Issuer Default Rating (IDR).

Maine's 'AA+' rating reflects strong budget controls and discipline, and a low long-term liability burden that has declined over time. Maine increased its fiscal flexibility by rebuilding and maintaining dedicated operating reserves at historically high levels. However, Maine's economy faces demographic challenges, as its population is well-educated, but older, and growing slowly.

SECURITY

MHHEFA bonds are special obligations of the MHHEFA, payable from loan repayments by participating health and higher education institutions. The state's MO pledge to restore draws on the MHHEFA's debt service reserve fund provides additional security and underpins Fitch's rating.

KEY RATING DRIVERS

Revenue Framework - 'aa'

Fitch expects Maine's revenue to grow near the long-term U.S. inflation rate, reflecting our expectations for the state's slower-than-average economic growth. The state has complete legal control over its revenue and can raise recurring revenue through broadening the tax base, levying new taxes and fees, and adjusting rates and brackets.

Expenditure Framework - 'aaa'

The state maintains ample expenditure flexibility, relatively low liability carrying costs and the broad expense-cutting ability common to most states. School spending and Medicaid are the primary drivers of expense growth.

Long-Term Liability Burden - 'aaa'

Maine's long-term liability burden is low but above the U.S. states' median. Strong debt management and full pension funding have reduced liabilities since the mid-2010s, with further reductions possible, given current trajectories.

Operating Performance - 'aaa'

Maine's robust gap-closing capacity, buttressed by a significantly improved dedicated operating reserve cushion post-pandemic, positions the state to manage future downturns while maintaining financial flexibility. Recent budgets demonstrate consistent efforts to support flexibility with minimal nonrecurring support of operations.

RATING SENSITIVITIES

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

- Changes to prudent budgeting practices that diminish budgetary flexibility and result in substantial draws on fiscal reserves to levels closer to or below 10% of prior-year revenue, thereby lowering Fitch's assessment of financial resilience and overall operating performance;
- Sustained weakening in Maine's pace of economic activity that results in revenue growth prospects consistently below Fitch's long-term expectations for national inflation.

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

- An expectation for sustained economic and revenue growth above Fitch's long-term expectations for national inflation, also supporting improvement in the economic resource base and the long-term liability burden to consistently below the state median.

PROFILE

Fitch considers Maine's economic growth prospects to be below the U.S. state average. The median age is highest among states but has been stable since 2020. Maine's unemployment rate is below the U.S. rate while other labor market indicators lag national trends.

Additional Security Details

The 'AA-' rating on the MHHEFA revenue bonds reflects the state's MO commitment. The rating is two notches below Maine's IDR since the authority is an entity of the state, serves a broad governmentwide purpose and finances core infrastructure in the state. The legal provision to intercept state aid, including Medicaid, further indicates the state's commitment to MHHEFA. The MO mechanism and timing meet Fitch's criteria, with all requirements related to the MO spelled out in the authorizing legislation for MHHEFA.

MHHEFA was created to assist healthcare, higher education and other eligible institutions in Maine to

more affordably finance the construction of and improvements to their facilities. MHHEFA-financed projects are focused on capital improvements at participating institutions, approximately 80% of which are healthcare entities, including hospitals, mental health facilities, community care retirement communities (CCRCs) and social service organizations; the remaining comprise higher education institutions.

There is a strong link between MHHEFA and the state, with the state treasurer, commissioners of education and health and human services, and superintendent of financial institutions sitting on its board as ex officio members. MHHEFA is included in the state's annual audited financial statements as a component unit, and the MO-backed debt is included in the state's general debt disclosure.

The MO mechanism, which is spelled out in the authorizing legislation for MHHEFA, requires the executive director annually, on or before Dec. 1, to deliver to the governor a certificate stating the sum, if any, required to restore MHHEFA's debt reserve fund to the reserve fund requirement (maximum annual debt service [MADS] for all outstanding bonds). The governor must submit legislation to the Maine legislature to appropriate any amount required for the debt service reserve fund to restore it to the requirement. The legislature must consider the governor's legislation, although it is not legally bound to pass the legislation and make the appropriation.

The debt service reserve is fully funded with cash and investments, Fitch views the timing of the mechanism as satisfactory, and the notification processes and appropriation request are clearly spelled out and mandatory for the various parties.

Date of Relevant Committee

29-Jul-2025

REFERENCES FOR SUBSTANTIALLY MATERIAL SOURCE CITED AS KEY DRIVER OF RATING

The principal sources of information used in the analysis are described in the Applicable Criteria.

ESG Considerations

The highest level of ESG credit relevance is a score of '3', unless otherwise disclosed in this section. A score of '3' means ESG issues are credit-neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation on the relevance and materiality of ESG factors in the rating decision. For more information on Fitch's ESG Relevance Scores, visit <https://www.fitchratings.com/topics/esg/products#esg-relevance-scores>.

Fitch Ratings Analysts

Eric Kim

Senior Director

Primary Rating Analyst

+1 212 908 0241

Fitch Ratings, Inc. Hearst Tower 300 W. 57th Street New York, NY 10019

Bryan Quevedo

Director
Secondary Rating Analyst
+1 415 732 7576

Michael D'Arcy

Director
Committee Chairperson
+1 212 908 0662

Media Contacts

Katherine Jones

New York
+1 212 908 0823
katherine.jones@thefitchgroup.com

Rating Actions

ENTITY/DEBT	RATING	RECOVERY	PRIOR
Maine, State of (ME) [General Government]			
<ul style="list-style-type: none">Maine Health and Higher Educational Facilities Authority (ME) /State Aid Intercept/ 1 LT	AA- ●	Affirmed	AA- ●

RATINGS KEY OUTLOOK WATCH

POSITIVE	⊕	◊
NEGATIVE	⊖	◊
EVOLVING	◊	◆
STABLE	○	

Applicable Criteria

[U.S. Public Finance State Governments and Territories Rating Criteria \(pub.04 Feb 2025\) \(including rating assumption sensitivity\)](#)

Applicable Models

Numbers in parentheses accompanying applicable model(s) contain hyperlinks to criteria providing description of model(s).

FAST Econometric API - Fitch Analytical Stress Test Model, v3.1.0 (1)

Additional Disclosures

[Solicitation Status](#)

Endorsement Status

Maine Health and Higher Educational Facilities Authority (ME) EU Endorsed, UK Endorsed

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(EU Exit) Regulations 2019 respectively.

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