



News from

COMPTROLLER KEVIN LEMBO

FOR IMMEDIATE RELEASE

WEDNESDAY, DECEMBER 15, 2021

Contact: Tyler Van Buren
(860) 702-3325
tyler.vanburen@ct.gov

COMPTROLLER LEMBO RELEASES ANNUAL REPORT, TRANSMITS FY21 SURPLUS TO SERS PENSION FUND

Comptroller Kevin Lembo on Wednesday released the Fiscal Year 2021 Annual Report of the State Comptroller, officially certifying a \$475.9 million surplus that will be used to pay down pension liabilities in the State Employees Retirement System (SERS).

State law requires that any budget surplus be deposited in the Budget Reserve Fund ("Rainy Day Fund") at the end of each fiscal year, once audited. Because the Rainy Day Fund has reached its statutory cap, the surplus funds will instead be applied towards pension debt as determined by the state treasurer.

"This deposit completes a transformative year for state finances," said Lembo. "Combined with a volatility transfer this fall, over \$1.6 billion in additional payments will have been made to reduce pension debt. Those payments will provide short-term budget relief for policymakers and generate significant long-term savings for taxpayers."

According to state law originally proposed by Lembo, excess revenues in particularly volatile categories are automatically deposited into the Rainy Day Fund. The statutory cap of the fund was also raised from 10% to 15% of net General Fund appropriations. In Aug. 2020, the fund reached that cap, triggering a provision that redirects additional deposits to the state's pension funds.

In September, Treasurer Shawn Wooden announced that the surplus funds will be directed to unfunded SERS liabilities. The final transfer amount is \$475,864,135.

In his latest monthly financial update on Dec. 1, Comptroller Lembo projected additional contributions to the Rainy Day Fund for the current fiscal year of approximately \$1.7 billion. Assuming the fund maintains its current balance, those contributions would also be used to pay down pension debt next fall.

"Connecticut's fiscal standing is stronger now than at any point since the Great Recession," said Lembo. "The smart budgetary decisions made in recent years are helping to correct the mistakes of

the past. Our state is now on firmer economic ground, creating more stability and better opportunities for future generations. I'm pleased that these reforms are having such clear benefits and applaud the lawmakers who have made continued fiscal discipline a priority.”

To view the full report, visit:

https://www.osc.ct.gov/reports/annual/2021/OSCAAnnualReport_Budgetary_2021.pdf

***** END *****