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January 2, 2025

The Honorable Ned Lamont  
Governor of the State of Connecticut  
Hartford, Connecticut

Dear Governor Lamont,

I write to provide you with financial statements for the General Fund and the Transportation Fund through November 30, 2024. The Office of the State Comptroller (OSC) is projecting the General Fund will end Fiscal Year 2025 with a \$178.8 million surplus and the Special Transportation Fund will end Fiscal Year 2025 with a \$158.1 million surplus. OSC is in general agreement with the Office of Policy and Management's (OPM's) General Fund and Special Transportation Fund projections. The following analysis of the financial statements furnished by OPM is provided pursuant to Connecticut General Statutes (CGS) Section 3-115.

**The General Fund (GF)** surplus for FY 2025 is projected at \$178.8 million, which is \$119.0 million lower than budgeted. The entire decrease from last month is due to upward revisions to net expenditure projections of \$11.5 million, comprised of \$19.7 million of additional shortfalls partially offset by \$8.2 million of additional lapses. The largest change was an increase of \$20.0 million to the Medicaid account shortfall. *See page two for more information.*

**The Special Transportation Fund (STF)** is projected to close FY 2025 with a \$158.1 million operating surplus, an increase of \$90.0 million from the budgeted amount. The surplus projection increased by \$9.1 million this month due to expenditure reductions of \$12.0 million (largely related to lower debt service) more than offsetting a -\$2.9 million revision to Federal Grant revenue. The STF closing balance is projected to be \$567.9 million (24.9% of net appropriations) as of June 30, 2025. *See page two for more information.*

**The Budget Reserve Fund (BRF)**, also known as the "Rainy Day Fund," is currently at its statutory cap of 18% of current year net GF appropriations. It is projected to temporarily reach 24.9% of FY 2025 net GF appropriations following the projected transfer of \$1,403.5 million for the volatility cap transfer and \$178.8 million from the GF surplus. Additional transfers to the retirement funds during the closeout of FY 2025 are therefore expected.

If you have any questions on this report, please do not hesitate to contact me.

Sincerely,



Sean Scanlon  
State Comptroller

## This month in Numbers

### General Fund Surplus

\$178.8 million

*-11.5 million this month*

### Transportation Fund Surplus

\$158.1 million

*+9.1 million this month*

### Projected BRF Transfer at

#### FY 2025 Year-End

\$1,582.3 million

*-11.5 million this month*

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### General Fund Revenue

\$23,379.9 million

*No change this month*

### General Fund Expenditures

\$23,201.1 million

*+11.5 million this month,  
decreasing the surplus*

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### STF Revenue

\$2,353.4 million

*-2.9 million this month,  
decreasing the surplus*

### STF Expenditures

\$2,195.3 million

*-12.0 million this month,  
increasing the surplus*

## General Fund Snapshot

Revenue forecasts are up but expenditures are up by more. The largest expenditure changes this month were to Medicaid (shortfall up \$20.0 million), Adjudicated Claims (shortfall up \$6.0 million), and OSC-Fringe Benefits (shortfall down \$17.9 million across various accounts).

### Key Drivers in Projected Deficiencies:

- Department of Social Services Medicaid, resulting primarily from higher caseloads.
- OSC-Fringe Benefits Higher Education Alternative Retirement System account, primarily caused by a change in accounting method.

### Key Drivers in Revenue Changes:

- No changes this month
- Revenues are projected to exceed the budget by \$276.2 million.

## Special Transportation Fund Snapshot

Projected expenditures are down more than revenues, improving the surplus. Most notably, debt service costs were revised \$20.0 million lower (partly due to savings from using \$526.9 million of the fund balance to pay off indebtedness) and Federal Grants revenue is expected to be lower by \$2.9 million due to the retirement of some federally subsidized bonds.

### Projected Closing Balance:

\$569.7 million

### Transfer to reduce indebtedness pursuant to PA 24-151:

\$526.9 million

## Budget Reserve Fund Snapshot

The BRF transfer projection decreased slightly this month due to the downward revision to the General Fund surplus.

### Transfers to State Employees' and Teachers' Retirement systems for FY 2024 closeout:

\$933 million

### BRF Balance (% of FY 2025 GF budget):

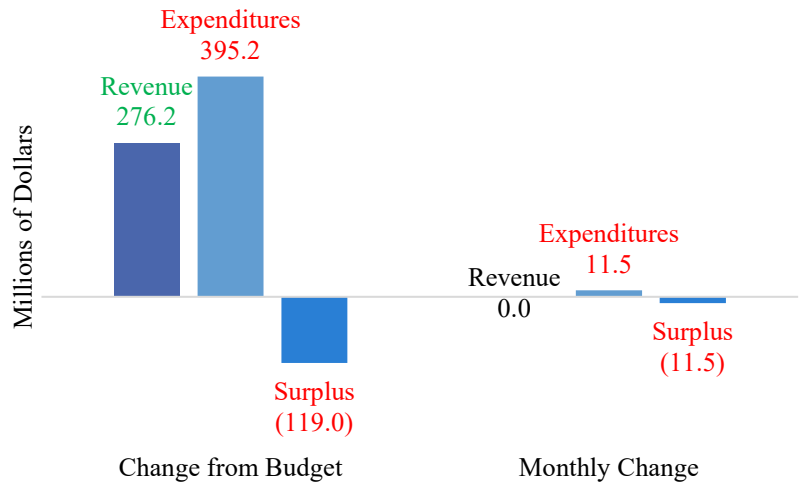
\$4,105.1 million (at the statutory cap of 18%)

### Projected FY 2025 Year-end Balance Before Transfers (% of FY 2025 GF budget):

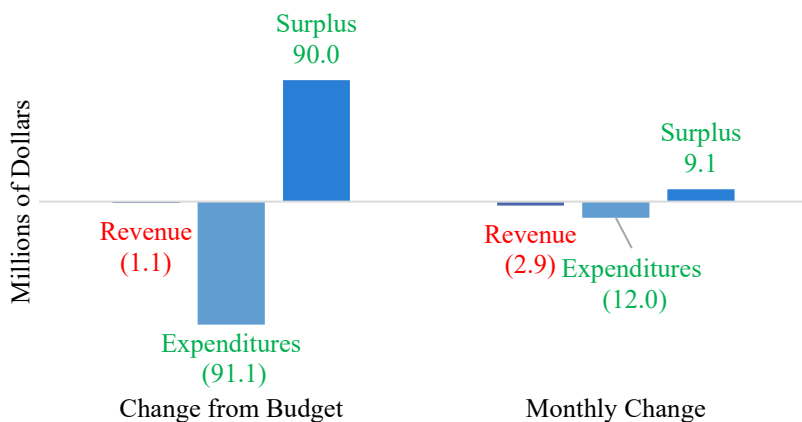
\$5,687.4 million (24.9%)

Excess funds above the FY 2026 18% cap will result in additional transfers to the pension funds in 2025.

## How do GF current projections compare to the budget and what changed this month?

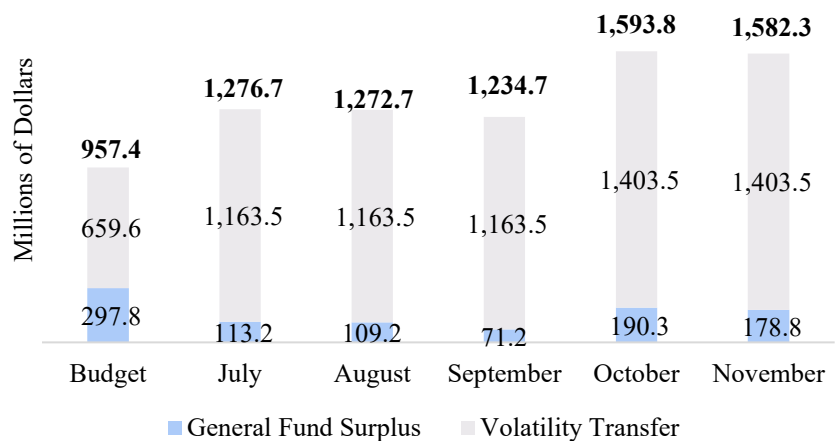


## How do STF current projections compare to the budget and what changed this month?



Note: Green labels denote improvements to balance, red labels denote deterioration.

## What is the projected FY 2025 year-end transfer to the Budget Reserve Fund?



Figures reflect the projected General Fund balance and volatility transfer to the Budget Reserve Fund at fiscal year-end according to the financial statements dated as of the end of the month shown.