

SEAN SCANLON
STATE COMPTROLLER



TARA DOWNES
DEPUTY COMPTROLLER



STATE OF CONNECTICUT
OFFICE *of the* STATE COMPTROLLER
165 Capitol Ave.
Hartford, CT 06106

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

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*

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 \$556.6 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:

\$556.6 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):

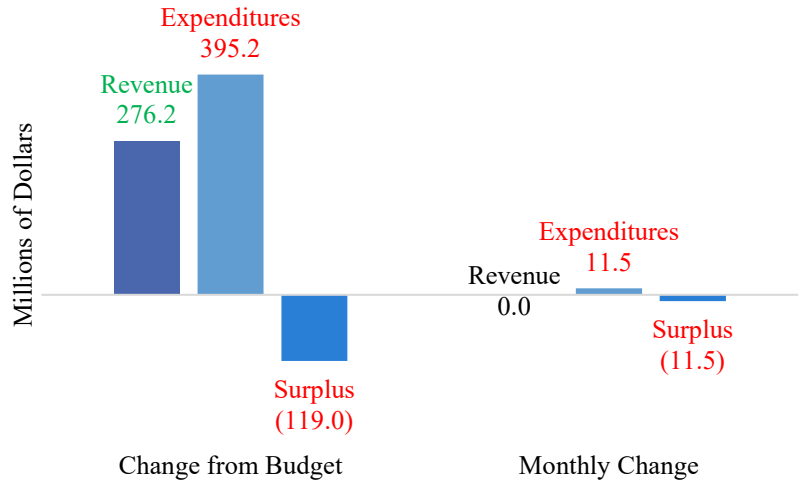
\$4,105.1 million (at the statutory cap of 18%)

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

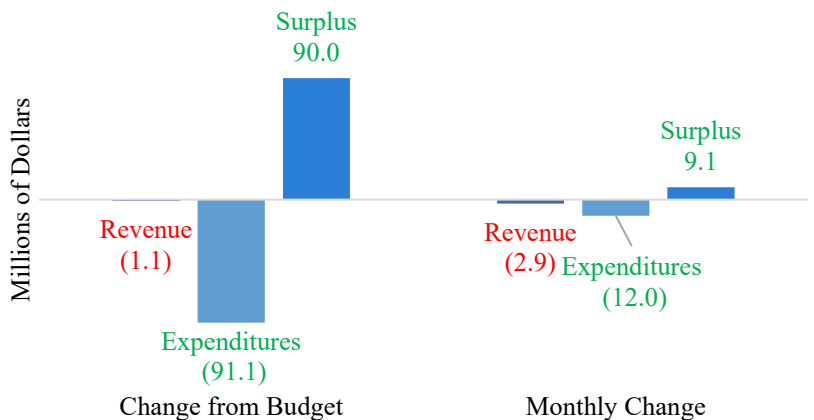
\$5,687.4 million (24.9%)

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?

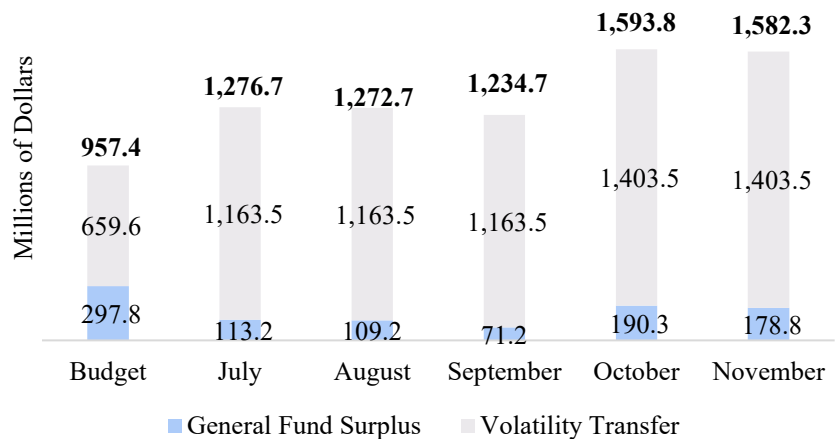


How do STF current projections compare to the budget and what changed this month?



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.

**STATE OF CONNECTICUT GENERAL FUND
BALANCE SHEET
AS OF NOVEMBER 30, 2024**
(In Thousands)

Exhibit A

ASSETS

Cash and Short Term Investments	\$	319,165
Accounts Receivable		2,204
Accrued Taxes Receivable		-
Due from Other Funds		-
Loans Receivable		3,412
Unrealized Revenue - Exhibit C		16,252,880
		<hr/>
Total Assets	\$	16,577,661
		<hr/> <hr/>

LIABILITIES, RESERVES, APPROPRIATIONS AND SURPLUS

LIABILITIES

Deficiency in Cash and Short Term Investments	\$	-
Accounts Payable		2,689
Due to Other Funds		2,513
		<hr/>
Total Liabilities		5,202

RESERVES

Reserve for Petty Cash		998
Reserve Future Carryforwards		213,400
Reserved for Future Use		24,899
Reserved Fund Balance		-
Reserve for Receivables		3,412
Total Reserves		242,709
		<hr/>

FUND BALANCE

Fund Balance Due to Change in Accounting Method (FY 2014)		909,369
Total Fund Balance		909,369
		<hr/>
Unexpended Appropriations - Exhibit D		15,241,586
Unappropriated Surplus (Deficit) - Exhibit B		178,795
		<hr/>
Total Liabilities, Reserves, Fund Balance, Appropriations and Surplus	\$	16,577,661
		<hr/> <hr/>

**STATE OF CONNECTICUT GENERAL FUND
ANALYSIS OF UNAPPROPRIATED SURPLUS
AS OF NOVEMBER 30, 2024**

(In Thousands)

Exhibit B

	<u>Budget Plan</u>	<u>Budgetary Increases (Decreases)</u>	<u>Other Increases (Decreases)</u>	<u>Revised Estimates</u>
BUDGETED REVENUE - EXHIBIT C				
Taxes	\$ 20,326,300	\$ 761,400	\$ -	\$ 21,087,700
Other Revenue	1,514,200	65,700	-	1,579,900
Other Sources	1,263,200	(550,900)	-	712,300
	<hr/>	<hr/>	<hr/>	<hr/>
Total Budgeted Revenue	23,103,700	276,200	-	23,379,900
	<hr/>	<hr/>	<hr/>	<hr/>
APPROPRIATIONS - EXHIBIT D				
Budgeted Appropriations	23,427,500	(9,776)	468,168	23,885,892
Continued from Prior Year	438,900	-	-	438,900
	<hr/>	<hr/>	<hr/>	<hr/>
Current Year Appropriations	22,988,600	(9,776)	468,168	23,446,992
Estimated Lapses	(182,700)	(63,187)	-	(245,887)
	<hr/>	<hr/>	<hr/>	<hr/>
Net Appropriations	22,805,900	(72,963)	468,168	23,201,105
	<hr/>	<hr/>	<hr/>	<hr/>
Surplus (Deficit) from Operations	297,800	349,163	(468,168)	178,795
Miscellaneous Adjustments	-	-	-	-
Surplus (Deficit), July 1, 2024	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Projected Surplus (Deficit), June 30, 2025	\$ 297,800	\$ 349,163	\$ (468,168)	\$ 178,795
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**STATE OF CONNECTICUT GENERAL FUND
STATEMENT OF ESTIMATED AND REALIZED REVENUE
FOR THE FOUR MONTHS ENDED NOVEMBER 30, 2024**
(In Thousands)

Exhibit C

	<u>Estimated Revenue</u>	<u>Increases or (Decreases)</u>	<u>Revised Estimates</u>	<u>Realized Revenue</u>	<u>Unrealized Revenue</u>
TAXES					
Personal Income - Withholding	\$ 8,530,400	\$ 358,700	\$ 8,889,100	\$ 2,523,099	\$ 6,366,001
Personal Income - Estimates and Finals	2,703,000	570,500	3,273,500	635,784	2,637,716
Sales and Use	5,428,200	(324,700)	5,103,500	1,639,983	3,463,517
Corporations	1,526,500	34,200	1,560,700	277,611	1,283,089
Pass-through Entity Tax	1,877,300	182,000	2,059,300	438,927	1,620,373
Public Service Corporations	296,800	15,100	311,900	90,693	221,207
Inheritance and Estate	182,200	(10,300)	171,900	74,863	97,037
Insurance Companies	266,800	34,900	301,700	74,026	227,674
Cigarettes and Tobacco	262,000	(17,300)	244,700	94,976	149,724
Real Estate Conveyance	292,600	(15,000)	277,600	93,898	183,702
Alcoholic Beverages	78,800	-	78,800	21,885	56,915
Admissions, Dues and Cabaret	31,000	8,500	39,500	13,275	26,225
Health Provider	957,400	(66,400)	891,000	226,982	664,018
Miscellaneous Taxes	69,200	(47,800)	21,400	7,807	13,593
Totals	<u>22,502,200</u>	<u>722,400</u>	<u>23,224,600</u>	<u>6,213,809</u>	<u>17,010,791</u>
Less Refunds of Taxes	(1,971,900)	39,000	(1,932,900)	(529,570)	(1,403,330)
Less Income Tax Credit	(196,200)	-	(196,200)	-	(196,200)
Less R & D Credit Exchange	(7,800)	-	(7,800)	(4,336)	(3,464)
Net Taxes	<u>20,326,300</u>	<u>761,400</u>	<u>21,087,700</u>	<u>5,679,903</u>	<u>15,407,797</u>
OTHER REVENUE					
Transfers - Special Revenue	411,900	(28,500)	383,400	139,782	243,618
Indian Gaming Payments	286,000	22,600	308,600	106,371	202,229
Licenses, Permits and Fees	330,700	-	330,700	122,040	208,660
Sales of Commodities and Services	17,800	200	18,000	5,354	12,646
Rents, Fines and Escheats	175,200	13,600	188,800	17,566	171,234
Investment Income	201,700	51,600	253,300	139,030	114,270
Miscellaneous Other	158,000	26,300	184,300	81,988	102,312
Total Other Revenue	<u>1,581,300</u>	<u>85,800</u>	<u>1,667,100</u>	<u>612,131</u>	<u>1,054,969</u>
Less Refunds of Payments	(67,100)	(20,100)	(87,200)	(58,491)	(28,709)
Net Other Revenue	<u>1,514,200</u>	<u>65,700</u>	<u>1,579,900</u>	<u>553,640</u>	<u>1,026,260</u>
OTHER SOURCES					
Federal Grants	1,886,500	79,600	1,966,100	688,477	1,277,623
Transfer from the Tobacco Settlement Fund	(70,400)	179,800	109,400	-	109,400
Transfer to/from the Resources of the General Fund	106,700	(66,400)	40,300	205,000	(164,700)
Transfers to BRF - Volatility Adjustment	(659,600)	(743,900)	(1,403,500)	-	(1,403,500)
Total Other Sources	<u>1,263,200</u>	<u>(550,900)</u>	<u>712,300</u>	<u>893,477</u>	<u>(181,177)</u>
Total Budgeted Revenue	<u>\$ 23,103,700</u>	<u>\$ 276,200</u>	<u>\$ 23,379,900</u>	<u>\$ 7,127,020</u>	<u>\$ 16,252,880</u>

**STATE OF CONNECTICUT GENERAL FUND
STATEMENT OF APPROPRIATIONS AND EXPENDITURES
FOR THE FOUR MONTHS ENDED NOVEMBER 30, 2024**

Exhibit D

(In Thousands)

	Continued and Initial Appropriations	Increase or (Decreases)	Estimated Additional Requirements	Total Appropriations	Expenditures	Estimated Lapses	Unexpended Appropriations
LEGISLATIVE							
Legislative Management	\$ 95,355	\$ (211)	\$ -	\$ 95,144	\$ 32,459	\$ 5,000	\$ 57,685
Auditors of Public Accounts	15,040	-	-	15,040	6,024	150	8,866
Women, Children, Seniors, Equity & Opportunity	1,200	-	-	1,200	357	150	693
Total Legislative	111,595	(211)	-	111,384	38,840	5,300	67,244
GENERAL GOVERNMENT							
Governor's Office	5,275	(3,838)	-	1,437	107	-	1,330
Secretary of the State	13,374	228	-	13,602	5,289	500	7,813
Lieutenant Governor's Office	765	22	-	787	363	-	424
Elections Enforcement Commission	4,084	2,135	-	6,219	2,238	400	3,581
Office of State Ethics	1,964	301	-	2,265	774	-	1,491
Freedom of Information Commission	2,212	1,726	-	3,938	1,263	300	2,375
State Treasurer	47,910	4,141	-	52,051	26,880	300	24,871
State Comptroller	81,769	1,046	-	82,815	19,122	-	63,693
Department of Revenue Services	66,339	(4,846)	534	62,027	23,250	-	38,777
Office of Governmental Accountability	3,078	77	-	3,155	1,060	200	1,895
Office of Policy and Management	246,608	(133,947)	-	112,661	34,461	34,385	43,815
Department of Veterans' Affairs	27,371	978	-	28,349	11,304	-	17,045
Department of Administrative Services	228,459	301,878	5,062	535,399	208,548	1,350	325,501
Construction Services	-	-	-	-	-	-	-
Attorney General	39,057	1,151	-	40,208	15,151	-	25,057
Division of Criminal Justice	63,166	1,905	-	65,071	24,731	116	40,224
Total General Government	831,431	172,957	5,596	1,009,984	374,541	37,551	597,892
REGULATION AND PROTECTION							
Dept of Emergency Services and Public Protection	237,253	(2,446)	4,000	238,807	105,215	-	133,592
Department of Motor Vehicles	-	-	-	-	-	-	-
Military Department	6,420	(292)	400	6,528	2,796	-	3,732
Department of Consumer Protection	18,362	546	-	18,908	7,048	750	11,110
Labor Department	105,644	897	-	106,541	33,191	-	73,350
Commission on Human Rights & Opportunities	10,328	258	-	10,586	3,595	400	6,591
Protection & Advocacy for Persons with Disabilities	-	-	-	-	-	-	-
Total Regulation and Protection	378,007	(1,037)	4,400	381,370	151,845	1,150	228,375
CONSERVATION AND DEVELOPMENT							
Department of Agriculture	9,009	145	-	9,154	3,946	350	4,858
Department of Energy and Environmental Protection	77,654	1,615	-	79,269	25,601	5,300	48,368
Council on Environmental Quality	-	-	-	-	-	-	-
Department of Economic & Community Development	38,622	292	-	38,914	18,398	500	20,016
Department of Housing	114,521	(3,934)	4,000	114,587	46,069	-	68,518
Agricultural Experiment Station	8,904	246	-	9,150	3,919	-	5,231
Total Conservation and Development	248,710	(1,636)	4,000	251,074	97,933	6,150	146,991
HEALTH AND HOSPITALS							
Office of the Chief Medical Examiner	11,118	200	-	11,318	4,309	100	6,909
Department of Mental Health & Addiction Services	749,671	(22,718)	34,550	761,503	313,603	-	447,900
Psychiatric Security Review Board	375	13	-	388	160	-	228
Office of Health Strategy	4,829	(44)	147	4,932	1,711	-	3,221
Department of Public Health	80,104	1,275	-	81,379	32,523	1,700	47,156
Department of Developmental Service	1,583,794	(249,347)	248,200	1,582,647	553,877	2,170	1,026,600
Total Health and Hospitals	2,429,891	(270,621)	282,897	2,442,167	906,183	3,970	1,532,014
TRANSPORTATION							
Department of Transportation	-	-	-	-	-	-	-
Total Transportation	-	-	-	-	-	-	-
HUMAN SERVICES							
Department of Social Services	4,618,864	5,054	-	4,623,918	2,249,907	-	2,374,011
State Department on Aging	-	-	-	-	-	-	-
Department of Aging and Disability Services	34,803	350	-	35,153	11,321	415	23,417
Total Human Services	4,653,667	5,404	-	4,659,071	2,261,228	415	2,397,428
EDUCATION, MUSEUMS, LIBRARIES							
Department of Education	3,386,631	916	-	3,387,547	868,208	12,424	2,506,915
Office of Early Childhood	395,663	288	-	395,951	138,445	550	256,956
Connecticut Technical Education and Career System	191,823	(9,704)	16,200	198,319	84,121	-	114,198

State Library	10,991	187	-	11,178	3,760	-	7,418
Office of Higher Education	56,095	136	-	56,231	5,565	175	50,491
University of Connecticut	239,638	7,811	-	247,449	104,817	-	142,632
University of Connecticut Health Center	131,390	4,085	-	135,475	54,161	-	81,314
Teachers' Retirement Board	1,587,527	33,616	8,900	1,630,043	788,505	-	841,538
Connecticut State Colleges and Universities	469,180	15,912	-	485,092	160,591	-	324,501
Total Education, Museums, Libraries	6,468,938	53,247	25,100	6,547,285	2,208,173	13,149	4,325,963
CORRECTIONS							
Department of Correction	713,044	(10,775)	31,050	733,319	316,873	-	416,446
Department of Children and Families	817,601	(309,141)	-	508,460	239,274	4,570	264,616
Total Corrections	1,530,645	(319,916)	31,050	1,241,779	556,147	4,570	681,062
JUDICIAL							
Judicial Department	609,817	4,977	9,000	623,794	270,568	5,000	348,226
Public Defender Services Commission	89,492	1,016	667	91,175	36,592	-	54,583
Total Judicial	699,309	5,993	9,667	714,969	307,160	5,000	402,809
NON-FUNCTIONAL							
Governor's Contingency Account	-	-	-	-	-	-	-
Debt Service	1,985,729	(28,300)	-	1,957,429	580,059	50,592	1,326,778
UConn 2000 - Debt Service	226,542	-	-	226,542	55,279	-	171,263
CHEFA Day Care Security	4,000	-	-	4,000	(299)	-	4,299
Pension Obligation Bonds - TRB	330,191	-	-	330,191	54,520	-	275,671
Municipal Restructuring	-	-	-	-	-	-	-
Reserve for Salary Adjustments	-	-	-	-	-	-	-
Workers' Compensation Claims	8,260	-	-	8,260	7,413	-	847
Workers' Compensation Claims - UCONN	2,271	-	-	2,271	1,817	-	454
Workers' Compensation Claims - UCHC	3,461	-	-	3,461	2,769	-	692
Workers' Compensation Claims - CSCU	3,289	-	-	3,289	2,631	-	658
Workers' Compensation Claims - DCF	10,287	-	-	10,287	8,230	-	2,057
Workers' Compensation Claims - DMHAS	18,561	-	-	18,561	14,849	-	3,712
Workers' Compensation Claims - DESPP	3,723	-	-	3,723	2,979	-	744
Workers' Compensation Claims - DDS	15,773	-	-	15,773	12,619	-	3,154
Workers' Compensation Claims - DOC	34,123	-	-	34,123	27,298	-	6,825
Adjudicated Claims	4,000	5,000	-	9,000	7,452	-	1,548
Death Benefits for State Employees	29	-	-	29	15	-	14
Reimburse Towns-Tax Loss-State Property	-	-	-	-	-	-	-
Grants to Towns	-	-	-	-	-	-	-
Reimburse Towns-Tax Loss-Tax Exempt Property	-	-	-	-	-	-	-
Unemployment Compensation	5,055	-	-	5,055	1,937	-	3,118
Higher Education Alternative Retirement System	15,396	-	-	15,396	34,735	-	(19,339)
Pensions and Retirements - Other Statutory	2,189	-	-	2,189	928	-	1,261
Judges & Compensation Commissioners Retirement	37,436	(6,976)	-	30,460	14,726	-	15,734
Insurance - Group Life	10,428	-	-	10,428	3,804	-	6,624
Tuition Reimbursement - Training & Travel	-	11,323	-	11,323	1,747	-	9,576
Employers Social Security	198,254	7,137	-	205,391	82,608	-	122,783
State Employees Health Service	708,257	(24,444)	-	683,813	264,145	-	419,668
Retired State Employees Health Service Cost	738,000	-	-	738,000	296,075	-	441,925
Other Post Employment Benefits	43,946	1,582	-	45,528	28,065	-	17,463
Insurance Recoveries	-	-	-	-	-	-	-
SERS Defined Contribution Match	24,500	-	-	24,500	6,591	-	17,909
SERS Contributions- Normal Cost	182,006	2,267	-	184,273	76,340	-	107,933
SERS Contributions-UAL	1,420,805	29,154	-	1,449,959	598,481	-	851,478
Employees Retirement Contributions	2,181	-	-	2,181	-	-	2,181
Retirement Contributions	-	-	-	-	-	-	-
CT Premium Pay	-	-	-	-	-	-	-
Non-Functional Change to Accruals-Fringe	38,999	(99,458)	99,458	38,999	(691,444)	-	730,443
Miscellaneous Adjustments/Rounding	(2,384)	448,759	6,000	452,375	-	118,040	334,335
Total Non-Functional	6,075,307	346,044	105,458	6,526,809	1,496,369	168,632	4,861,808
Total Budgeted Appropriations	\$ 23,427,500	\$ (9,776)	\$ 468,168	\$ 23,885,892	\$ 8,398,419	\$ 245,887	\$ 15,241,586

**STATE OF CONNECTICUT TRANSPORTATION FUND
BALANCE SHEET
AS OF NOVEMBER 30, 2024**

(In Thousands)

Exhibit E

ASSETS

Cash and Short Term Investments	\$	564,185
Accrued Taxes Receivable		3,867
Due from Other Funds		-
Unrealized Revenue - Exhibit G		1,990,684
		<hr/>
Total Assets	\$	2,558,736
		<hr/> <hr/>

APPROPRIATIONS, LIABILITIES AND SURPLUS

Misc Adjustments	\$	33,371
Reserved to Reduce STO Indebtedness		526,896
Unexpended Appropriations - Exhibit H		1,426,731
Liabilities		307
Due To Other Funds		157
Unappropriated Surplus - Exhibit F		571,274
		<hr/>
Total Appropriations, Liabilities and Surplus	\$	2,558,736
		<hr/> <hr/>

**STATE OF CONNECTICUT TRANSPORTATION FUND
ANALYSIS OF UNAPPROPRIATED SURPLUS
AS OF NOVEMBER 30, 2024**

(In Thousands)

Exhibit F

	<u>Budget Plan</u>	<u>Budgetary Increases (Decreases)</u>	<u>Other Increases (Decreases)</u>	<u>Revised Estimates</u>
BUDGETED REVENUE - EXHIBIT G				
Taxes	\$ 1,931,100	\$ (37,200)	\$ -	\$ 1,893,900
Other Revenue	<u>423,400</u>	<u>36,100</u>	<u>-</u>	<u>459,500</u>
Total Budgeted Revenue	<u>2,354,500</u>	<u>(1,100)</u>	<u>-</u>	<u>2,353,400</u>
APPROPRIATIONS - EXHIBIT H				
Budgeted Appropriations	2,448,403	(137)	1,500	2,449,766
Continued from Prior Year	<u>150,000</u>	<u>-</u>	<u>-</u>	<u>150,000</u>
Current Year Appropriations	2,298,403	(137)	1,500	2,299,766
Estimated Lapses	(12,000)	(94,040)	-	(106,040)
Restricted Grants Affecting Surplus	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Appropriations	<u>2,286,403</u>	<u>(94,177)</u>	<u>1,500</u>	<u>2,193,726</u>
Surplus from Operations	68,097	93,077	(1,500)	159,674
Miscellaneous Adjustments	-	-	-	-
Surplus, July 1, 2024	<u>411,600</u>	<u>-</u>	<u>-</u>	<u>411,600</u>
Projected Surplus, June 30, 2025	<u>\$ 479,697</u>	<u>\$ 93,077</u>	<u>\$ (1,500)</u>	<u>\$ 571,274</u>

**STATE OF CONNECTICUT TRANSPORTATION FUND
STATEMENT OF ESTIMATED AND REALIZED REVENUE
FOR THE FOUR MONTHS ENDED NOVEMBER 30, 2024**

(In Thousands)

Exhibit G

	<u>Estimated Revenue</u>	<u>Increases or (Decreases)</u>	<u>Revised Estimates</u>	<u>Realized Revenue</u>	<u>Unrealized Revenue</u>
TAXES					
Motor Fuels Tax	\$ 506,700	\$ 4,000	\$ 510,700	\$ 191,095	\$ 319,605
Oil Companies	357,200	(20,500)	336,700	86,357	250,343
Sales and Use Tax	883,200	(4,000)	879,200	218,770	660,430
Sales Tax DMV	106,500	11,300	117,800	49,563	68,237
Highway Use	94,100	(33,300)	60,800	-	60,800
Totals	<u>1,947,700</u>	<u>(42,500)</u>	<u>1,905,200</u>	<u>545,785</u>	<u>1,359,415</u>
Less Refunds of Taxes	<u>(16,600)</u>	<u>5,300</u>	<u>(11,300)</u>	<u>(3,360)</u>	<u>(7,940)</u>
Net Taxes	<u>1,931,100</u>	<u>(37,200)</u>	<u>1,893,900</u>	<u>542,425</u>	<u>1,351,475</u>
OTHER REVENUE					
Motor Vehicle Receipts	255,400	25,200	280,600	113,847	166,753
Licenses, Permits and Fees	126,100	7,800	133,900	54,031	79,869
Interest Income	51,000	12,600	63,600	27,362	36,238
Federal Grants	8,100	(2,900)	5,200	4,424	776
Transfer to/from Other Funds	(13,500)	-	(13,500)	(370,915)	357,415
Transfer to Emissions Enterprise Fund	-	-	-	(2,750)	2,750
Totals	<u>427,100</u>	<u>42,700</u>	<u>469,800</u>	<u>(174,001)</u>	<u>643,801</u>
Less Refunds of Payments	<u>(3,700)</u>	<u>(6,600)</u>	<u>(10,300)</u>	<u>(5,708)</u>	<u>(4,592)</u>
Net Other Revenue	<u>423,400</u>	<u>36,100</u>	<u>459,500</u>	<u>(179,709)</u>	<u>639,209</u>
Total Budgeted Revenue	<u>\$ 2,354,500</u>	<u>\$ (1,100)</u>	<u>\$ 2,353,400</u>	<u>\$ 362,716</u>	<u>\$ 1,990,684</u>

**STATE OF CONNECTICUT TRANSPORTATION FUND
STATEMENT OF APPROPRIATIONS AND EXPENDITURES
FOR THE FOUR MONTHS ENDED NOVEMBER 30, 2024**
(In Thousands)

Exhibit H

	<u>Continued and Initial Appropriations</u>	<u>Increases or (Decreases)</u>	<u>Estimated Additional Requirements</u>	<u>Total Appropriations</u>	<u>Expenditures</u>	<u>Estimated Lapses</u>	<u>Unexpended Appropriations</u>
Department of Transportation	\$ 1,323,617	\$ (223,736)	\$ -	\$ 1,099,881	\$ 440,785	\$ 3,900	\$ 655,196
Department of Motor Vehicles	88,563	1,582	-	90,145	30,237	10,000	49,908
Department of Energy and Environmental Protection	17,971	(3,515)	-	14,456	1,762	10,000	2,694
Office of Policy and Management	9,853	(9,090)	-	763	292	-	471
Debt Service - State Treasurer	951,116	(3,260)	-	947,856	361,960	80,000	505,896
Reserve for Salary Adjustments	-	-	-	-	-	-	-
Workers' Compensation Claims	6,723	-	-	6,723	5,089	-	1,634
Department of Administrative Services	(216,334)	234,414	1,500	19,580	7,155	500	11,925
Unemployment Compensation	360	-	-	360	118	-	242
Higher Ed Alternative Ret Syst	-	-	-	-	-	-	-
Insurance - Group Life	414	-	-	414	154	-	260
Employers Social Security Tax	19,026	100	-	19,126	7,981	-	11,145
State Employees Health Service	71,541	-	-	71,541	27,493	-	44,048
Other Post Employment Benefits	2,989	108	-	3,097	1,600	-	1,497
SERS Defined Contribution Match	1,539	-	-	1,539	426	-	1,113
SERS Contributions- Normal Cost	21,096	262	-	21,358	8,848	-	12,510
SERS Contributions-UAL	146,129	2,998	-	149,127	61,553	-	87,574
Non-Functional-Change to Accruals	3,800	-	-	3,800	(38,458)	1,640	40,618
Insurance Recoveries	-	-	-	-	-	-	-
Unallocated	-	-	-	-	-	-	-
Total Budgeted Appropriations	\$ 2,448,403	\$ (137)	\$ 1,500	\$ 2,449,766	\$ 916,995	\$ 106,040	\$ 1,426,731



OFFICE of the STATE COMPTROLLER CONNECTICUT ECONOMIC UPDATE

Sean Scanlon
State Comptroller
JANUARY 2025

In this month's edition

Outlook: The envy of other major economies, the U.S. economy is expected to continue growing at a moderate pace, and Connecticut's along with it. The U.S. economy has grown faster than expected this year, thanks in part to higher productivity. Conversely, China is still grappling with the fallout of a domestic real estate crisis and growth is slower in Europe.

Major changes ahead in trade policy: The incoming Trump administration has threatened broad 25% tariffs on our neighbors and the European Union and 10% additional tariffs on all Chinese imports, which could result in higher costs for businesses and consumers. Tariffs can harm the state's exporters as well, thanks to exchange rate fluctuation and retaliation. The threats may just be a negotiating tactic, but Trump started a trade war with China in his first term.

Interest rates expected to gradually decline: The Federal Reserve cut interest rates by another 25 basis points in December, with gradual further cutting (about 50 bps) anticipated in 2025. Central bankers now anticipate inflation lingering above their 2% target for longer (until 2026) amid faster economic growth. Consumer prices grew 2.7% year-over-year in November.

New England consumer prices are rising faster (3.1% y/y) than the U.S. average, though the gap has decreased from last month. New England consumer prices are up a cumulative 19.2% since 2019.

Connecticut home prices and rents continue to rise: Connecticut saw a 5.3% y/y increase in median rent for new leases in November according to Apartment List. The median sale price rose 7.0% y/y in November according to Redfin. Affordability challenges are expected to continue in 2025.

The holiday shopping season is expected to be solid for retailers, supported by growing average incomes. U.S. disposable personal incomes grew 2.6% year-over-year in November while personal consumption expenditures grew 2.9%, with both measures adjusted for inflation.

Connecticut's GDP grew 3.0% in 2024Q3 (seasonally adjusted annual rate), just below U.S. growth of 3.1% in the July-September period. The Retail Trade industry accounted for the most growth – about one-third of the total, with the Information and Manufacturing sectors also performing well.

Labor markets have cooled but remain healthy: The national labor market added a solid 227,000 new jobs in November after a below-trend 36,000 job gain in October. Connecticut gained 300 net jobs for the month and kept its unemployment rate at 3.0%. The strong jobs market is supporting above-budget Personal Income Tax revenue growth.

KEY DATES THIS MONTH

- 1/10 – December U.S. jobs report
- 1/15 – December CPI inflation report
- 1/15 – January CT Consensus Revenues
- 1/27 – December CT jobs report
- 1/28-1/29 – Federal Reserve FOMC interest rate-setting meeting
- 1/30 – U.S. 2024Q4 GDP first estimate

Did you know?

The Office of the State Comptroller (OSC) publishes detailed, up-to-date information on state expenditures and revenue collections in our transparency tool, [Open Connecticut](#). You can drill down to see payments to specific vendors. It also includes employee-level payroll and pension information on the state workforce.

About OSC

Sean Scanlon, State Comptroller
Tara Downes, Deputy State Comptroller

The mission of OSC is to provide accounting and financial services, to administer employee and retiree benefits, to develop accounting policy and exercise accounting oversight, and to prepare financial reports for state, federal and municipal governments and the public.

Questions about this report?

Email: Michelle Parlos
OSC Economist
michelle.c.parlos@ct.gov



OFFICE of the STATE COMPTROLLER CONNECTICUT ECONOMIC UPDATE

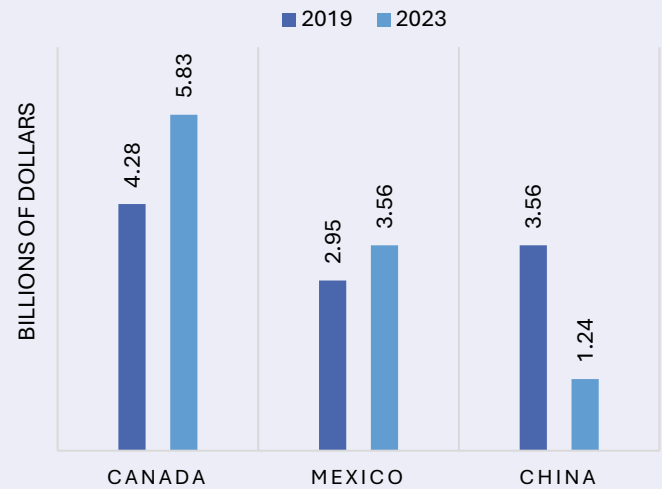
Sean Scanlon
State Comptroller
JANUARY 2025

WHAT'S UP WITH TARIFFS?

This month we dive deeper into Connecticut's involvement in international trade, as we anticipate possible impacts from the incoming Trump Administration's trade policies. Broad tariffs are likely to impact both importers and exporters. According to the Office of the United States Trade Representative, a total of 5,360 companies exported from Connecticut locations in 2022 (the latest data available). Of those, 4,680 (87%) were small and medium sized businesses with fewer than 500 employees (accounting for 47.8% of goods exports). Connecticut imported \$22.0 billion in goods from the world in 2023, with 42.7% of that coming from Canada and Mexico, our top import markets. President-elect Donald Trump has threatened to impose 25% tariffs on those country's imports, which if enacted, would likely scramble supply chains and drive-up costs for many businesses and consumers. Higher tariffs on Chinese goods, and maybe European, are expected too.

Tariffs are a tax on imports from other countries, which make those goods more expensive. Imports can be final goods, like an avocado or washing machine, or intermediate goods that Connecticut businesses use in their production, like metal parts for a jet engine, farming machinery, or Canadian lumber for building homes. The higher cost for inputs can lead to lower profit margins for U.S. businesses, be passed on as higher costs for consumers (contributing to inflation), or force the foreign exporters to lower their wholesale prices. Tariffs will be welcomed by some Connecticut companies as a way to make their domestically made products more competitive with cheaper foreign goods. The value of the

CONNECTICUT IMPORTS



U.S. dollar against other currencies is likely to change in the face of broad tariffs, and we have already seen the dollar strengthening on expectations for these policies. A stronger dollar and tariff protection from competition may lessen the pain for importers that sell to U.S. customers, but a stronger dollar will hurt exporters by making their products more expensive overseas. Exporters may also face retaliatory tariffs on their sales to foreign markets.

Transportation equipment and primary metal manufactures are the largest categories of goods imports for Connecticut. Connecticut reduced its imports from China by 37.1% from 2019 to 2023, as businesses sought to reduce reliance on Chinese goods in their supply chains following the trade war with China in Trump's first term and the COVID-19 pandemic.

RISKS AND EVENTS WE'RE WATCHING

Sweeping policy changes in Washington are possible given Republican control of the next Congress and the White House after January 20. Possible changes include deregulation, corporate tax relief, broad tariffs on major trading partners, and mass deportations of illegal immigrants. If enacted, such policies are likely to have a major impact on Connecticut businesses, especially in trade-related industries such as manufacturing or

foreign-labor intensive industries such as construction and hospitality.

Fighting in Ukraine and the Middle East remains a risk, should fighting escalate or impact the oil supply and thus oil prices. The rapid overthrow of President Bashar al-Assad in Syria last month introduces new uncertainty.

There is elevated uncertainty on **future federal government funding** for various programs that directly impact Connecticut residents and the state budget.



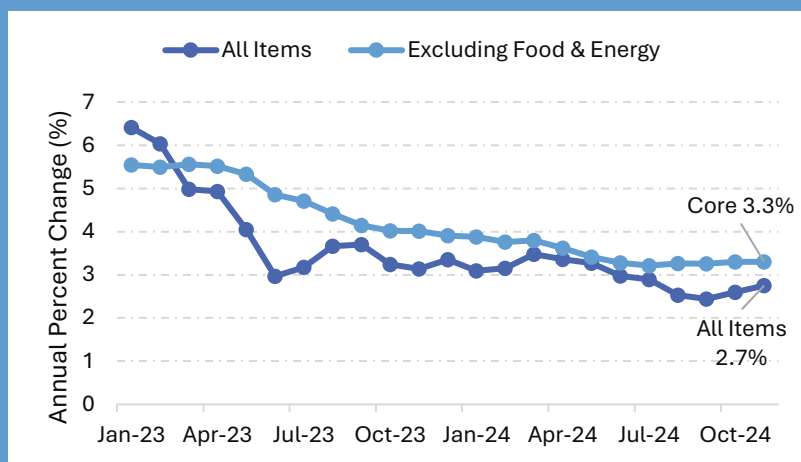
OFFICE of the STATE COMPTROLLER CONNECTICUT ECONOMIC UPDATE

Sean Scanlon
State Comptroller
JANUARY 2025

INTEREST RATES AND INFLATION

The Federal Reserve’s Federal Open Market Committee (FOMC) voted to reduce the federal funds rate by 25 basis points at their December meeting, bringing the target range to 4.25-4.50%. That range is down 100 basis points (one full percentage point) since this summer. The FOMC first cut its key interest rate by 50 basis points in September, followed by another 25 basis points in November. The Federal Reserve raised rates aggressively in 2022-2023 to combat the highest inflation in forty years and has now begun to loosen monetary policy to prevent unemployment. The resilient U.S. economy is giving policymakers an opportunity to proceed cautiously, with on average two small cuts projected during 2025. The labor market continues to cool down from its post-pandemic fever pitch but appears healthy overall.

U.S. Consumer Price Index: Annual Percent Change (%)



Source: U.S. Bureau of Labor Statistics

The Consumer Price Index (CPI) rose 0.3% in November, putting annual inflation at 2.7%. The last two months have seen slight increases in the annual rate, in line with economists’ expectations. Core CPI, which excludes volatile food and energy prices, rose 3.3% for the year in November and has been flat at that rate for months, thanks largely to stubborn housing and services inflation.

One bright spot in the CPI report was that the New England CPI fell from 3.3% to 3.1% in November, year-over-year. That rate is still higher than the U.S. city average, but the gap has been closing since September. New Englanders have seen less inflation in grocery prices in the past twelve months than the U.S. as a whole. On the other

hand, New Englanders continue to experience faster price increases for housing, medical care, and education and communication services.

The speed of price growth has slowed dramatically since peaking at 7.9% for the New England region in June 2022, but that is small comfort for everyone experiencing the accumulated price increases of the past five years. Thanks to faster inflation in 2021 and 2022, average hourly wage growth failed to keep up with price growth in those years, causing significant strain. While average hourly wages have been growing faster than inflation the past two years, average hourly wages have grown less than prices over the past five years as a whole. Average hourly

Year	New England CPI Inflation Annual % Change	Average Hourly Earnings Private Sector Employees in CT Annual % Change	Difference: Avg. Hourly Earnings Growth and Inflation Rate
2019	1.9	3.0	1.1
2020	0.9	3.1	2.2
2021	3.6	(0.6)	(4.2)
2022	7.1	2.5	(4.6)
2023	2.9	3.8	0.9
2024 (Jan-Nov)	3.1	5.2	2.0

Source: Bureau of Labor Statistics

wages for private sector employees in Connecticut rose 14.6% from November 2019 to November 2024, while New England consumer prices rose 19.2% over that time. That means that if people are working the same number of hours, the average hourly wage earner can afford less food, housing, insurance, and other essentials now than they could in 2019, unless they have other forms of income with faster growth to make up the difference.



OFFICE of the STATE COMPTROLLER CONNECTICUT ECONOMIC UPDATE

Sean Scanlon
State Comptroller
JANUARY 2025

CONNECTICUT COMMERCIAL CONSTRUCTION

While high interest rates have dampened some residential construction activity, a higher value of non-residential and heavy engineering construction projects have started in Connecticut this year. ConstructConnect reports that the value of year-to-date project starts through November is up 10.8%. Connecticut growth is faster than New England (10.5%) and overall U.S. starts growth (0.1%).

COMMERCIAL REAL ESTATE With the Federal Reserve now projecting 0.5 percentage points of rate cuts in 2025, lower-quality office buildings with high vacancy rates are vulnerable to foreclosure. Demand has shifted towards smaller, high-end spaces, lowering the value of less desirable space. Continued high interest rates spell trouble for underperforming commercial properties that need to be refinanced in the next few years.

Connecticut Housing Market Trends November 2024

+5.1%

Homes Sold YoY
Redfin

+8.9%

Active Listings YoY
Realtor.com

+1

Days on Market YoY
Realtor.com

\$423,000

Median Sales Price
Redfin

6.72%

Freddie Mac 30-Year Fixed Rate
Mortgage Average
for the week ending 12/19

+5.3%

Statewide Median Rent YoY
Apartment List

CONNECTICUT HOUSING MARKET

November home sales increased on a year-over-year basis, likely in response to mortgage rates dipping below 6.1% in September and slightly more inventory on the market. Connecticut’s pick up was in line with national trends, as the National Association of Realtors reported that U.S. November existing home sales increased 4.8% from October and 6.1% from last year.

More generally, home sales activity remains below 2019 levels and median prices are up by around 60%. The mortgage rate “lock in” effect is keeping homeowners with very low interest rates from listing their homes, which has pushed up prices for homes that are available to buy. For those who already own, higher home values make people feel wealthier, which fuels consumer spending and economic growth.

For those looking to buy for the first time, starter homes are increasingly unaffordable as prices have risen far faster than wage growth and interest rates are high (though down from their recent peaks). One positive is that recent data suggests Connecticut’s supply-constrained housing market may finally have seen inventory levels bottom out.

The average 30-year fixed rate mortgage rate was 6.72% in mid-December. Due to inflation and federal deficit expectations under the next administration, mortgage rates are not expected to fall significantly in 2025, keeping homes expensive to finance. Not enough homes to meet demand is expected to continue pushing up home prices in the state. The median sales price increased 9.3% year-to-date in 2024 according to Redfin.

The state taxes conveyances of real estate, including homes, so fewer sales typically translate to lower collections for the General Fund. The surge of home sales at higher prices more than doubled collections of conveyance tax in FY 2021 to \$385.0 million. Collections in 2025 are projected to reach \$277.6 million due to lower sales activity, despite rising prices.

Connecticut continues to see some of the highest year-over-year rent growth in the nation, with the Hartford metro area ranked second nationally among large metros by Apartment List, with growth of 4.6%. The average asking rent in Connecticut for the third quarter of 2024 was \$1,886, according to CoStar Group data provided by the Connecticut Housing Finance Authority.



OFFICE of the STATE COMPTROLLER CONNECTICUT ECONOMIC UPDATE

Sean Scanlon
State Comptroller
JANUARY 2025

CONSUMER SPENDING

Consumer spending accounts for about two-thirds of the economy, so the health of the American Consumer says a lot. Incomes are rising and early reports for the 2024 holiday shopping season suggest that consumers are still spending, albeit in a more value-conscious way. According to the Bureau of Economic Analysis (BEA), U.S. disposable personal incomes grew 2.6% year-over-year in November while personal consumption expenditures grew 2.9%, with both measures adjusted for inflation. Spending was especially strong on durable goods (think cars and washing machines), which have seen prices come down in the past year. The period between Thanksgiving and Christmas is shorter this year, which could lead to lower holiday spending.



Several trends suggest retail sales in Connecticut will be solid this season. Average weekly earnings for Connecticut private sector employees have grown 5.0% this year. Strong stock market gains and rising home values are making some Connecticut residents feel wealthier and more willing to spend. However, lower-income households are likely to be limited in their

spending given the accumulated cost increases for housing and other essentials, as well as still-high interest rates for financing purchases.

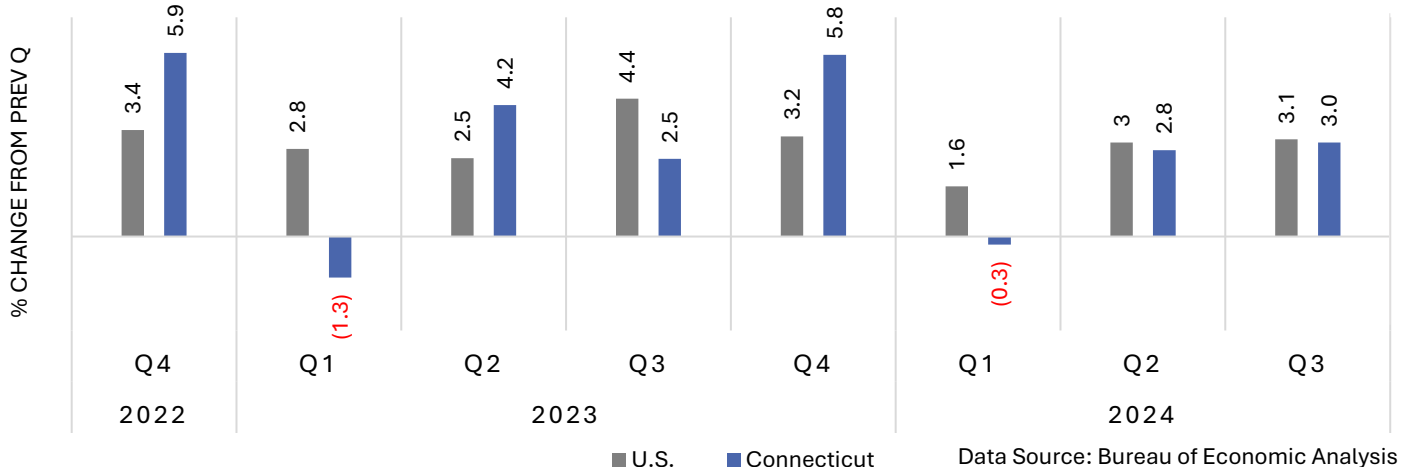
ECONOMIC GROWTH

Connecticut's economy grew at nearly the same pace as the nation's in 2024Q3 (July to September): 3.0% for Connecticut versus 3.1% nationally, at seasonally adjusted annual rates. Current U.S. forecasts for Q4 suggest that the strong growth has likely continued.

The Retail Trade industry accounted for the most growth – about one-third of the total, in both Connecticut and the U.S in Q3. The Information and Manufacturing sectors contributed the next highest amounts to growth.

In Connecticut, the private sector grew at a 3.14% annual rate in Q3, while the state and local governments' contribution to the economy actually shrank, lowering total growth. Labor market data also indicate that the private sector is growing here, while the public sector has shed some workers in recent months.

Real Gross Domestic Product (GDP) Growth by Quarter: US & CT





OFFICE of the STATE COMPTROLLER CONNECTICUT ECONOMIC UPDATE

Sean Scanlon
State Comptroller
JANUARY 2025

CONNECTICUT LABOR MARKET SUMMARY

Unemployment remains extremely low at 3.0% in November—below the U.S. average of 4.2%. Connecticut’s labor force is up by 3,500 workers (0.2%) compared to last November, which is good news for companies looking for workers to fill some 73,000 open jobs. The state added a small number of positions (+300) in November, with gains in finance and insurance as well as healthcare offsetting losses in professional and business services and retail this month, on a seasonally adjusted basis. The private sector gained 1,900 jobs (0.1%) over the past two months while fewer state education jobs are driving public-sector employment declines.

The Connecticut job opening rate has been trending downwards, as it has nationally.¹ Companies aren’t looking to hire as many new workers as in 2021-2023.

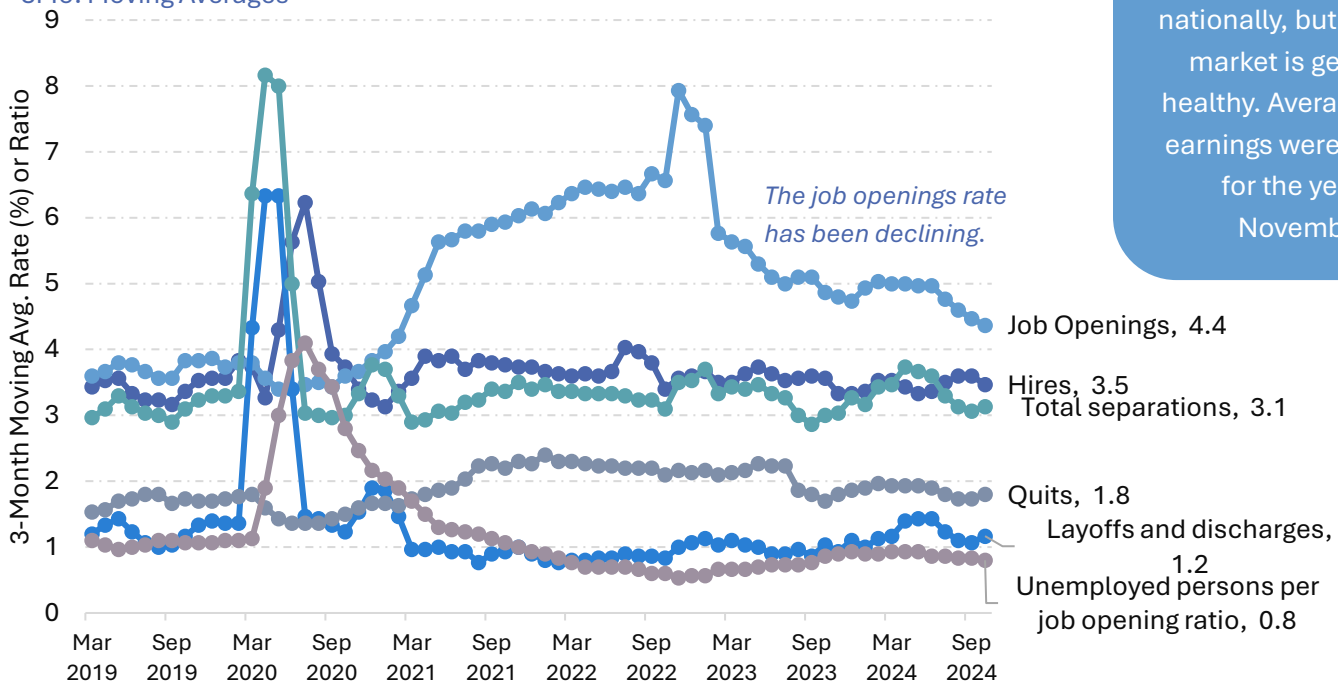
Openings remain above pre-pandemic levels while the number of unemployed persons per job opening (0.8) remains slightly lower than in 2019. The difference between new hires and job openings suggests that around 20,000 job openings have gone unfilled in recent months. Despite an increase earlier this year, the rate of layoffs and discharges remains relatively low.



In October, there were 57,700 unemployed people and 73,000 job openings in the state.

See the appendix for more detailed industry information.

Connecticut Job Openings and Labor Turnover (JOLT) Rates through October:
3Mo. Moving Averages



Job growth is slower in Connecticut than nationally, but the labor market is generally healthy. Average hourly earnings were up 4.6% for the year in November.

¹ The job opening rate is equal to the number of job openings on the last business day of the month as a percent of total employment plus job openings.



OFFICE of the STATE COMPTROLLER

CONNECTICUT ECONOMIC UPDATE

Sean Scanlon
State Comptroller
JANUARY 2025

APPENDIX

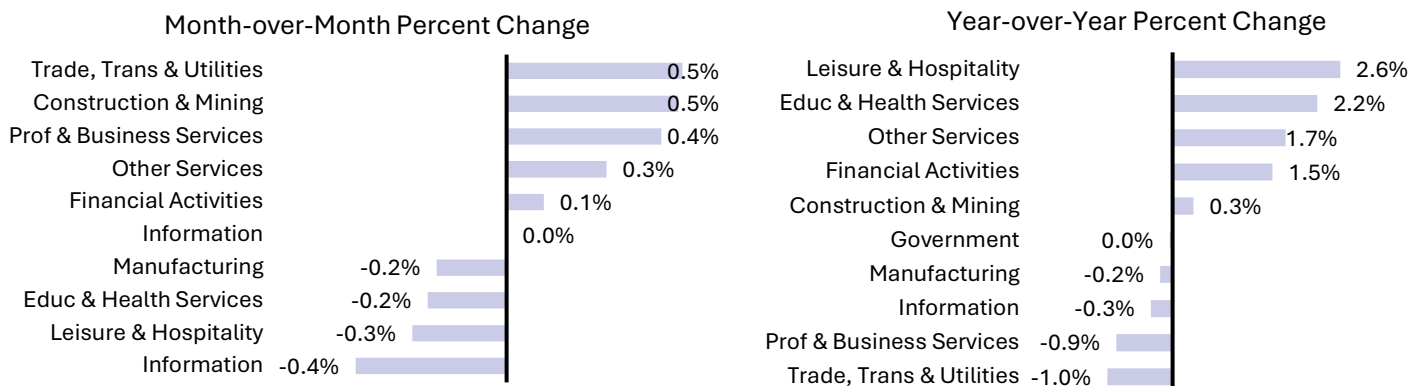
Connecticut Housing Market	Nov-24	Nov-23	% Change or Change
Home Sales (Redfin)	3,191	3,036	5.1%
Median Sales Price (Redfin)	422,500	395,000	7.0%
Active Listing Count (Realtor.com)	4,610	4,234	8.9%
New Listing Count (Realtor.com)	2,496	2,726	-8.4%
Freddie Mac U.S. 30-Year Fixed Rate Mortgage Average (Week ending 12/19/24 and 12/21/23)	6.72	6.67	0.7%
Median Days on Market (from listing to close, Realtor.com)	46	45	1
Average Sale-to-List Price Ratio (Redfin)	101.9%	102.6%	-0.7%
Median Rent for New Leases (Apartment List)	1,674	1,590	5.3%
Single-family Housing Permits Year-to-date (U.S. Census Bureau)	1,954	1,821	7.3%
2+ Unit Structures Housing Permits Year-to-date (U.S. Census Bureau)	2,904	3,022	-3.9%

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

Connecticut Labor Market	Nov-24	Oct-24	Nov-23
Unemployment Rate	3.0%	3.0%	4.2%
Total Unemployed	56,900	57,700	80,300
Total Nonfarm Employment	1,709,300	1,709,000	1,699,700
Job Growth	+300	-300	-1,000
Job Openings to Unemployed Ratio	-	1.3	1.1
Quit Rate	-	1.8	1.7
Average Monthly Initial Unemployment Claims	2,837	2,269	2,354
Labor Force Participation Rate	64.1%	64.1%	64.3%
Average Hourly Wage	\$38.32	\$38.44	\$36.62

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

Connecticut Industry Sector Nonfarm Payroll Employment



Data Source: CT Department of Labor