



March 3, 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 January 31, 2025. The Office of the State Comptroller (OSC) is projecting the General Fund will end Fiscal Year 2025 with a \$390.0 million surplus and the Special Transportation Fund will end Fiscal Year 2025 with a \$156.8 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 \$390.0 million, which is \$92.1 million higher than budgeted. Projected expenditures were revised up by \$53.0 million this month, while revenue projections remain unchanged. Most of this month's expenditure increase is related to eight wrongful incarceration claims against the state anticipated to receive legislative approval. OSC continues to monitor federal funding flows to the state, amidst increased uncertainty around federal payments and H.Con.Res.14, the House of Representative's federal budget resolution. *See page two for more information.*

The Special Transportation Fund (STF) is projected to close FY 2025 with a \$156.8 million operating surplus, an increase of \$88.7 million from the budgeted amount. The surplus projection decreased slightly this month (down \$2.2 million), as there was no change to revenue forecasts and the Department of Transportation is projected to spend more of its budget than projected last month. The STF closing balance is projected to be \$568.4 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 \$5,898.6 million, or 25.9% of FY 2025 net GF appropriations, following the projected transfer of \$1,403.5 million for the volatility cap and \$390.0 million from the GF surplus. Additional transfers to the retirement funds during the closeout of FY 2025 are 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

\$390.0 million

-53.0 million this month

Transportation Fund Surplus

\$156.8 million

-2.2 million this month

Projected BRF Transfer at FY 2025 Year-End

\$1,793.5 million

-53.0 million this month

General Fund Revenue

\$23,678.3 million

No change this month

General Fund Expenditures

\$23,288.3 million

*+53.0 million this month,
decreasing the surplus*

STF Revenue

\$2,353.4 million

No change this month

STF Expenditures

\$2,196.6 million

*+2.2 million this month,
decreasing the surplus*

General Fund Snapshot

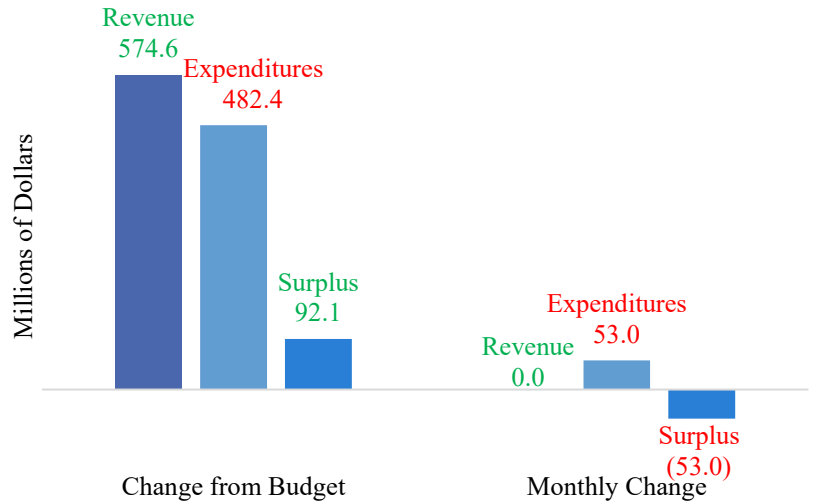
The surplus declined this month as the state is now expecting to pay an additional \$40.0 million for Adjudicated Claims as well as \$13 million net additional spending for other purposes.

OPM noted this month that deficiency appropriations to meet known spending shortfalls would exceed this year's statutory spending cap by \$61.5 million, meaning the state may not be able to resolve such shortfalls as it has in the past.

Key Drivers in Projected Deficiencies:

- The Department of Social Services Medicaid account has a \$290.0 million projected shortfall, resulting primarily from higher caseloads.
- OSC-Fringe Benefits Higher Education Alternative Retirement System account, primarily caused by a change in accounting method, is short \$70.0 million

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



Special Transportation Fund Snapshot

The STF is on track to have a higher-than-budgeted surplus, thanks to expenditures running \$89.8 million below budget, partially offset by a \$1.1 million reduction to revenue. Compared to last month, the Department of Transportation is projected to spend \$2.2 million more on Personal Services and Other Expenses, which reduces the projected lapse of that agency and increases STF expenditures.

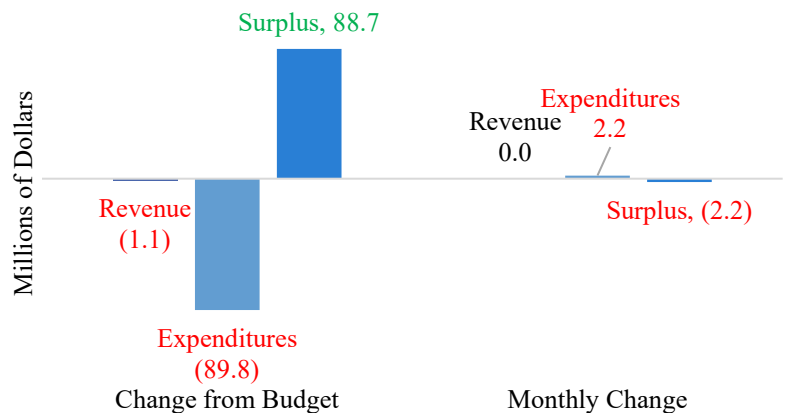
Projected Closing Balance:

\$568.4 million

Transfer to reduce indebtedness pursuant to PA 24-151:

\$526.9 million

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.

Budget Reserve Fund Snapshot

The BRF transfer projection decreased by \$53.0 million this month due entirely to the downward revision in General Fund surplus.

Transfers to State Employees' and Teachers' Retirement systems for FY 2024 closeout:
\$933 million

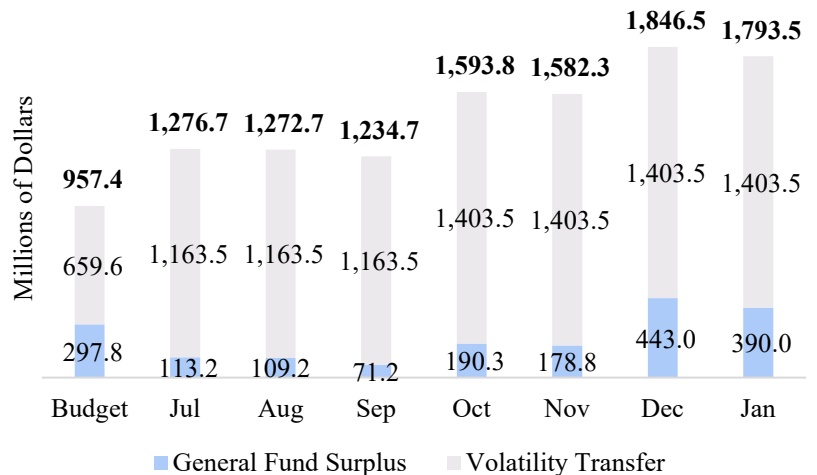
BRF Balance (% of FY 2025 GF budget):

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

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

\$5,898.6 million (25.9%)

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.

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