



April 1, 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 February 28, 2025. The Office of the State Comptroller (OSC) is projecting the General Fund will end Fiscal Year 2025 with a \$396.4 million surplus and the Special Transportation Fund will end Fiscal Year 2025 with a \$157.5 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 \$396.4 million, which is \$98.6 million higher than budgeted. Projected expenditures are revised down by \$49.4 million this month, largely due to the Governor's decision to hold back certain agency funds to maintain spending under the State's spending cap. Partially offsetting that, projected revenues are reduced by \$43.0 million due to a revenue transfer under recently adopted state legislation. 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 \$157.5 million operating surplus, an increase of \$89.4 million from the budgeted amount. The surplus projection increased by \$0.7 million, due to lower projected expenditures. Given final figures for the fund's FY 2024 closing balance and recent transfer to reduce indebtedness, the STF closing balance is projected to be \$602.4 million (26.3% of net appropriations) as of June 30, 2025. That is an increase of \$34.0 million from last month. *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 \$5,905.0 million, or 25.9% of FY 2025 net GF appropriations, following the projected transfer of \$1.4 billion for the volatility cap and \$396.4 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

\$396.4 million
+6.4 million this month

Transportation Fund Surplus

\$157.5 million
+0.7 million this month

Projected BRF Transfer at FY 2025 Year-End

\$1,799.9 million
+6.4 million this month

General Fund Revenue

\$23,635.3 million
*-43.0 million this month,
decreasing the surplus*

General Fund Expenditures

\$23,238.9 million
*-49.4 million this month,
increasing the surplus*

STF Revenue

\$2,353.4 million
No change this month

STF Expenditures

\$2,195.9 million
*-0.7 million this month,
increasing the surplus*

General Fund Snapshot

On March 7th OPM announced a savings plan to address State spending anticipated to exceed the constitutional spending cap this year. It curtails State hiring and contracting for Personal Service Agreements, as well as holds back \$40.6 million in budgeted funding for agencies from being spent.

Special Act 25-1 and Special Act 25-2 transfer \$43.0 million of this year's General Fund revenue off-budget to support special education funding for municipalities and a few other programs, driving the projected revenue reduction this month.

Key Drivers in Projected Deficiencies:

- Medicaid (\$290.0 million shortfall)
- OSC-Fringe Benefits Higher Education Alternative Retirement System account (\$70.0 million shortfall)

Special Transportation Fund Snapshot

The STF is on track to have a higher-than-budgeted surplus, thanks to expenditures running \$90.5 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 \$0.7 million less on Personal Services, which reduces STF expenditures. The finalized STF closing balance for FY 2024 was \$971.9 million.

Projected Closing Balance:

\$602.4 million (up from \$568.4 million last month)

Transfer to reduce indebtedness pursuant to PA 24-151:

\$526.9 million

Budget Reserve Fund Snapshot

The BRF transfer projection increased by \$6.4 million this month due entirely to the upward revision in General Fund surplus.

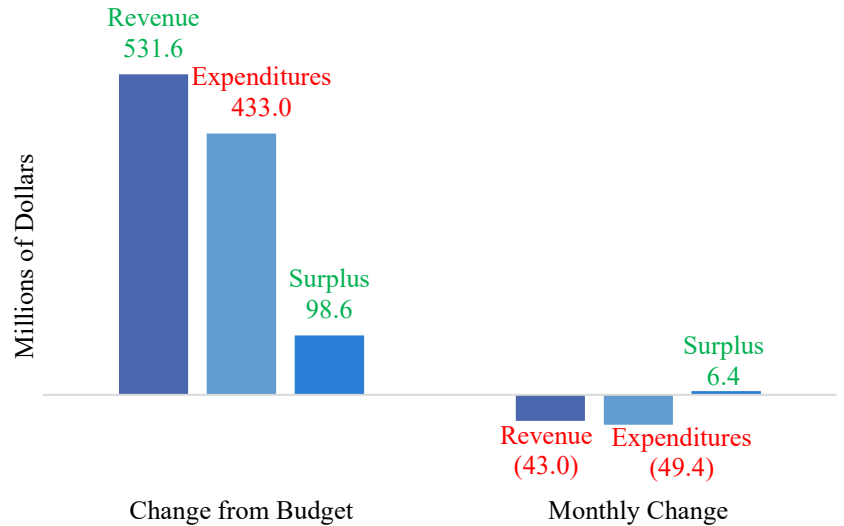
Transfers to State Employees' and Teachers' Retirement systems for FY 2024 closeout:
\$933 million

BRF Balance (% of FY 2025 GF budget):
\$4,105.1 million (at the statutory cap of 18%)

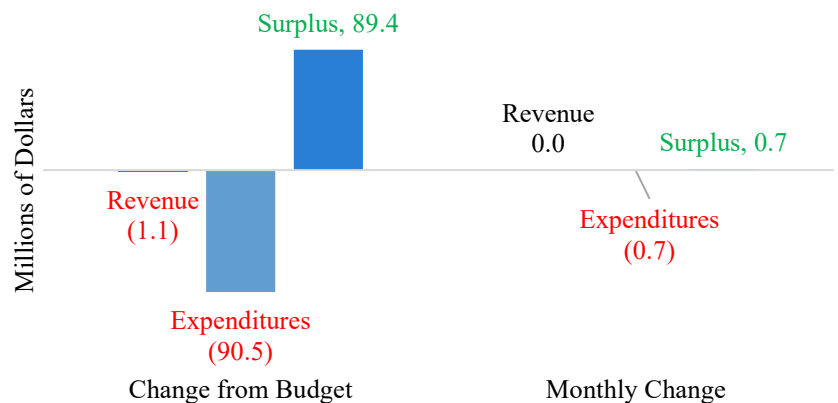
Projected FY 2025 Year-end Balance Before Transfers (% of FY 2025 GF budget):
\$5,905.0 million (25.9%)

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?

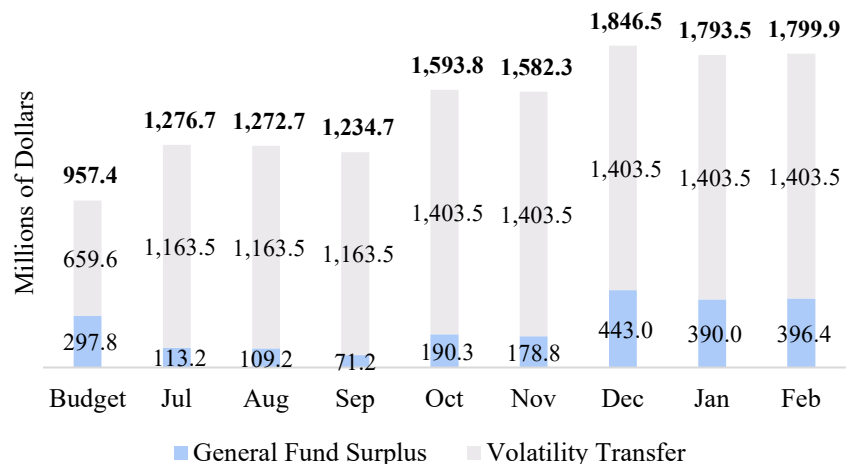


How do STF current projections compare to the budget and what changed this month?



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.