SEAN SCANLON
STATE COMPTROLLER

TARA DOWNES
DEPUTY COMPTROLLER

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

May 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 March 31, 2025. The Office of the State Comptroller (OSC) is projecting the General Fund will end Fiscal Year 2025 with a $461.6 million surplus and the Special Transportation Fund will end Fiscal Year 2025 with a $146.6 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 CGS Section 3-115.

The General Fund (GF) surplus for FY 2025 is projected to be $461.6 million, which is $163.8 million higher than budgeted. The surplus is $65.2 million higher than last month, as upwardly revised revenues (+$77.2 million) more than offset additional projected spending (+$11.9 million). Revenues reflect updated consensus estimates from OPM and the Office of Fiscal Analysis (OFA) released on April 30th, with the largest GF impacts from the withholding portion of the Personal Income Tax (+$110 million), Corporation Tax (-$85 million), and Rents, Fines and Escheats (+$50 million). OSC continues to monitor federal funding flows to the State and H.Con.Res.14, the federal budget resolution passed by the House and Senate. *See page two for more information.*

The Special Transportation Fund (STF) is projected to close FY 2025 with a $146.6 million operating surplus, an increase of $78.5 million from the budgeted amount. Consensus estimates reduced projected revenues this month by $12.2 million, most notably from reduced Oil Companies Tax, more than offsetting an expenditure reduction of $1.3 million. The STF closing balance is projected to be $591.5 million (25.9% 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 $6,470.2 million, or 28.4% of FY 2025 net GF appropriations, following the projected transfer of $1.9 billion from the volatility cap, up $500 million this month due to higher volatile revenues, and $461.6 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
$461.6 million
+65.2 million this month

Transportation Fund Surplus
$146.6 million
-10.9 million this month

Projected BRF Transfer at FY 2025 Year-End
$2,365.1 million
+565.2 million this month

General Fund Revenue
$23,712.5 million
+77.2 million this month, increasing the surplus

General Fund Expenditures
$23,250.9 million
+11.9 million this month, decreasing the surplus

STF Revenue
$2,341.2 million
-12.2 million this month, decreasing the surplus

STF Expenditures
$2,194.6 million
-1.3 million this month, increasing the surplus

General Fund Snapshot

GF outlook improved this month with April Consensus Revenue Estimates, despite slightly higher expenditures. The amount of budgeted funds expected to lapse (i.e., go unspent) at year-end was revised down by $10.6 million, which increases spending. Projected Medicaid spending rose, as that program continues to see higher caseloads and per-enrollee costs than budgeted.

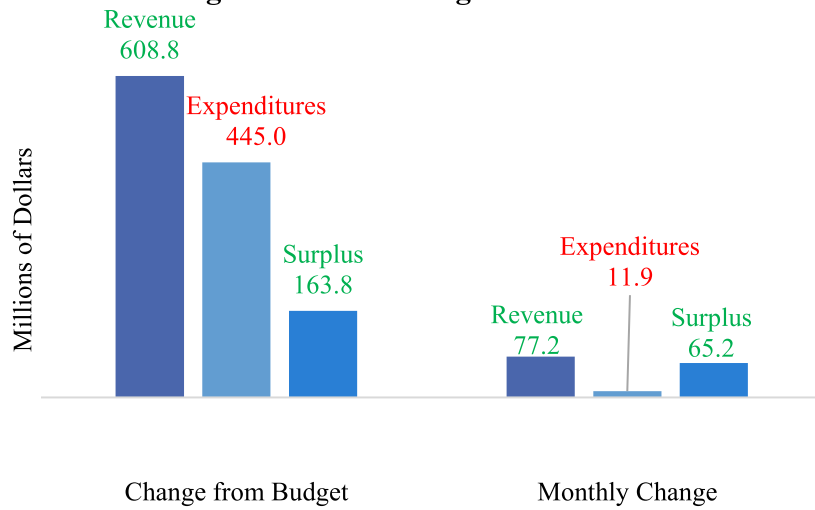
Key Drivers in Projected Deficiencies:

-Department of Social Services, primarily Medicaid ($280.9 million net shortfall)
-OSC-Fringe Benefits, primarily Higher Education Alternative Retirement System account ($85.8 million shortfall)

Key Revenue Changes this Month Based on Trends in Collections:

-Personal Income Tax-Withholding (+$110 million)
-Corporation Tax (-$85 million)

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



Special Transportation Fund Snapshot

The STF outlook worsened this month, mainly due to $22.5 million less revenue projected from the Oil Companies Tax that was partially offset by other revenue improvements (net +$10.3 million). It is still on track to have an operating surplus that is $78.5 million above budget. The $1.3 million net expenditure reduction this month was the result of projected spending changes across various accounts.

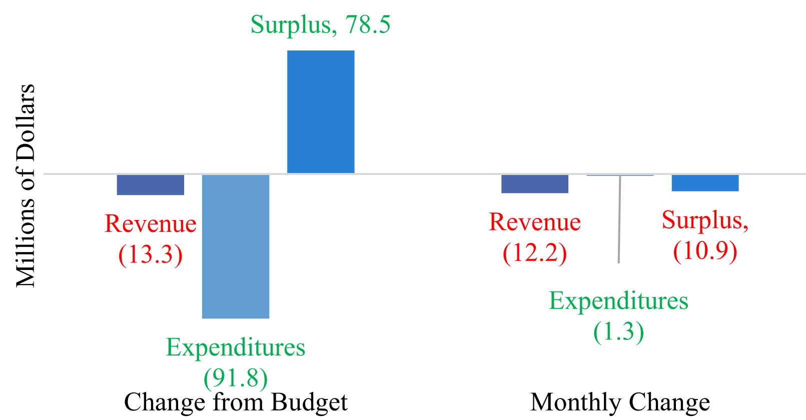
Projected Closing Balance:

$591.5 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 projected BRF year-end transfer and balance increased by $565.2 million this month due to a higher GF surplus (+$65.2 million) and an increase in volatility cap-subject revenues (+$350 million from Estimates & Finals Income Tax, +$150 from Pass-Through Entity Tax).

BRF Balance (% of FY 2025 GF budget):

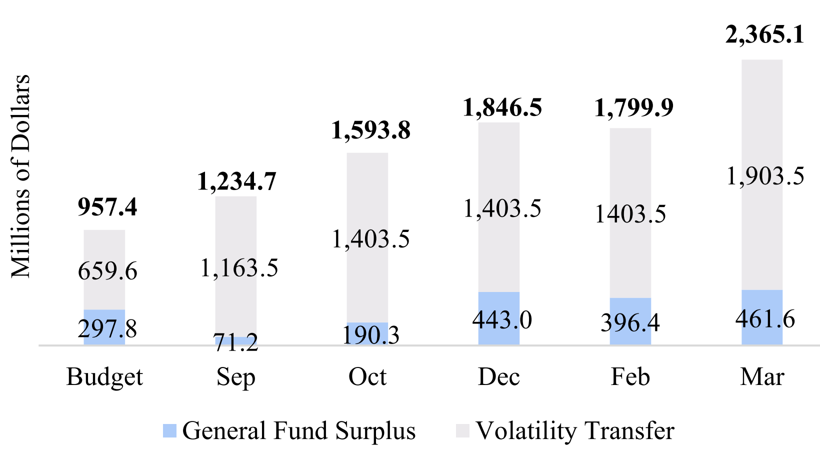
$4,105.1 million (at the statutory cap of 18%)

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

$6,470.2 million (28.4%)

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

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.