

SEAN SCANLON
STATE COMPTROLLER



TARA DOWNES
DEPUTY COMPTROLLER



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

June 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 May 31, 2025. The Office of the State Comptroller (OSC) is projecting the General Fund will end Fiscal Year 2025 with a \$480.3 million surplus and the Special Transportation Fund will end Fiscal Year 2025 with a \$147.5 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 CGS Section 3-115.

Heading into the final month of the fiscal year, **the General Fund (GF)** surplus for FY 2025 is projected to be \$480.3 million, which is \$182.5 million higher than originally budgeted and \$18.7 million higher than last month. A revenue increase of \$30.0 million, reflecting above-target collections of Rents, Fines, and Escheats revenues, more than offset \$11.3 million in additional projected expenditures. Enactment of Public Act 25-12 in May addressed projected agency shortfalls by increasing net appropriations beyond the spending cap this fiscal year. OSC continues to monitor **H.R.1**, the Trump agenda federal budget bill passed by the U.S. House of Representatives on May 22. The bill's federal funding cuts to Medicaid and SNAP (food assistance) are expected to have negative budgetary impacts on the State, while the bill's tax cuts benefit high earners most. It now heads to the Senate. *See page two for more General Fund information.*

The Special Transportation Fund (STF) is projected to close FY 2025 with \$147.5 million in operating surplus, an increase of \$79.4 million from the budgeted amount. Projected spending was revised down by \$900,000 this month, improving the surplus by the same amount. Projected revenues continue to reflect the Consensus estimates agreed between OPM and the Office of Fiscal Analysis last month. The STF closing balance is projected to be \$592.4 million (25.9% of net appropriations) as of June 30, 2025. *See page two for more STF 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 \$6.49 billion, or 28.5% of FY 2025 net GF appropriations, following the projected transfer of \$1.9 billion from the volatility cap and \$480.3 million from the GF surplus. Legislation currently under consideration would reserve a portion of that to address federal funding changes from H.R.1. before funds above the 18% cap are used to pay down pension debt.

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

\$480.3 million
+18.7 million this month

Transportation Fund Surplus

\$147.5 million
+0.9 million this month

Projected BRF Transfer at FY 2025 Year-End

\$2,383.8 million
+18.7 million this month

General Fund Revenue

\$23,742.5 million
*+30.0 million this month,
increasing the surplus*

General Fund Expenditures

\$23,262.2 million
*+11.3 million this month,
decreasing the surplus*

STF Revenue

\$2,341.2 million
No change this month

STF Expenditures

\$2,193.7 million
*-0.9 million this month,
increasing the surplus*

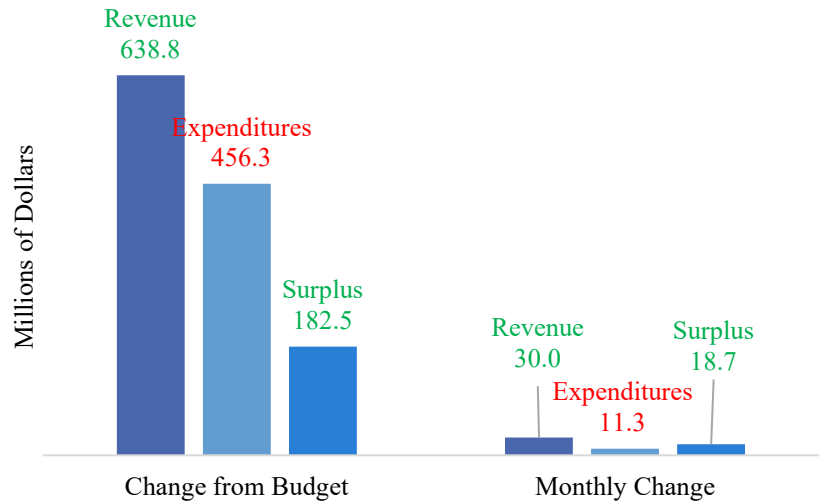
General Fund Snapshot

Aside from minor changes to revenue and spending that improved the surplus by \$18.7 million this month, the major change was the **\$466.1 million increase to net appropriations resulting from Public Act 25-12**. The bill eliminated agency deficiencies (except for Adjudicated Claims, which is not budgeted) by appropriating:

- \$284.0 million for Medicaid
- \$125.9 million for General Fund fringe benefits
- \$40.6 million for Corrections personnel costs
- \$25.1 million for Mental Health & Addiction Services personnel costs
- \$18.0 million for Housing/Homeless Services
- Smaller amounts in other agencies and accounts.

While **projected revenues provided sufficient funds** to cover cost overruns, spending is constrained by the State's spending cap. The State can now "pay its bills" on time, following executive and legislative action to legally exceed the spending cap by \$283.5 million.

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



Special Transportation Fund Snapshot

The STF outlook was little changed this month. The operating surplus is on track to end the year at \$147.5 million—6.5% of FY 2025 net appropriations. Treasurer Erik Russell announced that the early elimination of transportation-related debt pursuant to PA 24-151 is expected to save taxpayers \$726 million over the next ten years.

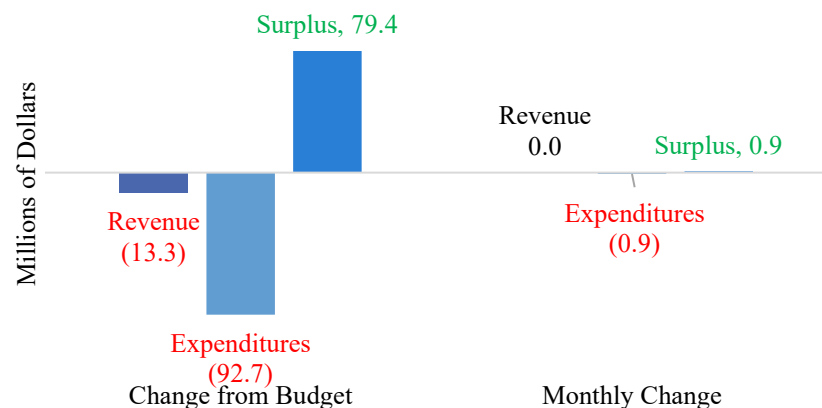
Projected Closing Balance:

\$592.4 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 projected BRF year-end transfer and balance increased by \$18.7 million this month due entirely to a higher General Fund surplus.

BRF Balance (% of FY 2025 GF budget):

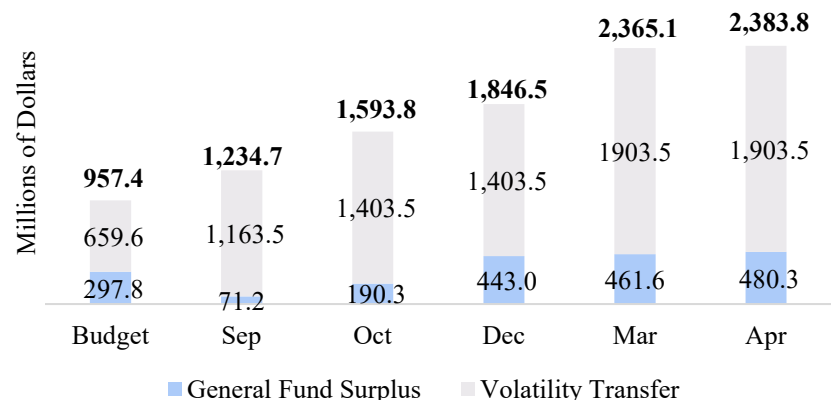
\$4.105 billion (at the statutory cap of 18%)

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

\$6.489 billion (28.5%)

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.