

SEAN SCANLON
STATE COMPTROLLER



TARA DOWNES
DEPUTY COMPTROLLER



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

August 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 June 30, 2025. The Office of the State Comptroller (OSC) is projecting the General Fund (GF) will end Fiscal Year 2025 with a **\$380.1 million surplus** and the Special Transportation Fund (STF) will end Fiscal Year 2025 with a **\$7.5 million operating deficit**. 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 is projected to close FY 2025 with a **\$380.1 million surplus**, up \$152.8 million from last month and \$82.3 million above budget. Pursuant to Public Act 25-93, \$300 million of the General Fund surplus will be transferred to a **new Early Childhood Education Endowment** to increase childcare affordability, based on current projections. Revenue projections increased by \$92.8 million this month including upward revisions to Personal Income Tax Withholding, Federal Grants, and Corporation Tax. Expenditures are revised down by \$60 million due to lower net projected spending across a variety of agencies. *See page two for more General Fund information.*

The Special Transportation Fund (STF) is projected to close FY 2025 with a \$7.5 million operating deficit, a decrease of \$75.6 million from the budgeted amount. Estimated revenues are revised down by \$1.8 million this month, largely from a -\$1.2 million change to Sales-Tax—DMV due to lower collections. Expenditures are revised down by \$700,000 this month. Previously, the FY 2026 and FY 2027 State Budget reduced FY 2025 estimated revenue by \$140 million by transferring that amount to future years. The STF closing balance is projected to be \$437.5 million (19.1% of FY 2025 net appropriations), with funds exceeding 18% of FY 2026 net appropriations being used to reduce indebtedness pursuant to Public Act 25-168. *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 FY 2025 net GF appropriations. It is projected to temporarily reach \$6.27 billion, or 27.5% of FY 2025 net GF appropriations, following the projected transfer of \$2.09 billion from the volatility cap and \$80.1 million remaining from the General Fund surplus. During FY 2025 close out an estimated \$221.5 million will be used to maintain the required 18% of FY 2026 net appropriations balance in the BRF and an estimated \$1.95 billion will be available to reduce outstanding pension debt in the state employees and teachers' retirement funds.

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

\$380.1 million

+152.8 million this month

Transportation Fund Operating Balance

-\$7.5 million

-1.1 million this month

Projected BRF Transfer at FY 2025 Year-End

\$2.168 billion

+235.1 million this month

General Fund Revenue

\$23,814.0 million

*+92.8 million this month,
increasing the surplus*

General Fund Expenditures

\$23,433.9 million

*-60.0 million this month,
increasing the surplus*

STF Revenue

\$2,185.3 million

*-1.8 million this month,
decreasing the surplus*

STF Expenditures

\$2,192.8 million

*-0.7 million this month,
increasing the surplus*

General Fund Snapshot

The projected surplus rose to \$380.1 million this month due to both higher projections for revenue and lower projections for agency spending (mostly due to more lapses, which is budgeted funding that goes unspent). The original budget included a \$297.8 million surplus, making this month's projection higher by 27.6%. Projections are above budget by 3.1% for revenue and 2.8% for spending.

Major Changes to Revenue this month:

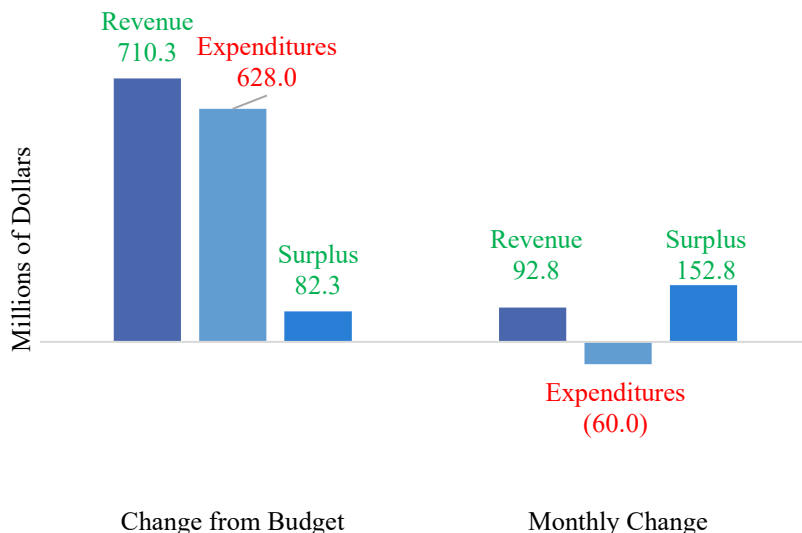
- Personal Income Tax – Withholding **+\$35 million**
- Federal Grants **+\$35.1 million**
- Corporation Tax **+\$22.6 million**
- Personal Income—Estimates & Finals* **+\$80 million**
- Pass-Through Entity Tax* **+\$75 million**

*These revenues are subject to the volatility cap, so this month's changes increase the year-end transfer to the BRF.

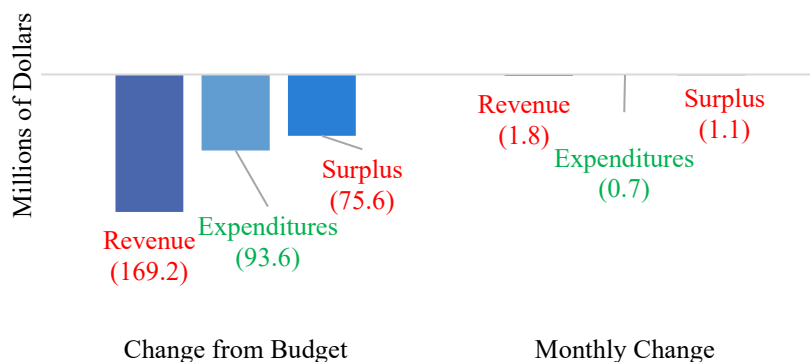
Largest Changes to Expenditures this month:

- Debt Service, lapse increased by \$18.5 million
- OSC Fringe Benefits, lapse increased by \$8.8 million
- Legislative Management, lapse increased by \$7.1 million

How do GF current projections compare to the original 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.

Special Transportation Fund Snapshot

The STF operating balance dropped slightly from -\$6.3 million to -\$7.5 million this month, \$75.6 million lower than the original budget's anticipated surplus of \$68.1 million. The budget (PA 25-168) includes a provision that starting in FY 2025, after the STF balance has been finalized and any required transfers are made, any balance exceeding 18% of current year net STF appropriations be used by the Treasurer to reduce special tax obligation indebtedness.

Projected Closing Balance:

\$437.5 million (19.2% of FY 2026 budget)

Projected Transfer to reduce indebtedness pursuant to PA 25-168 Sec. 389:

\$27.2 million

Budget Reserve Fund Snapshot

The projected BRF year-end transfer and balance rose by \$235.1 million this month, reflecting \$155 million in added revenue subject to the volatility cap and a projected surplus now exceeding the newly established \$300 million threshold for Early Childhood Education Endowment transfers (per PA 25-93) by \$80.1 million.

BRF Balance (% of FY 2025 GF budget):

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

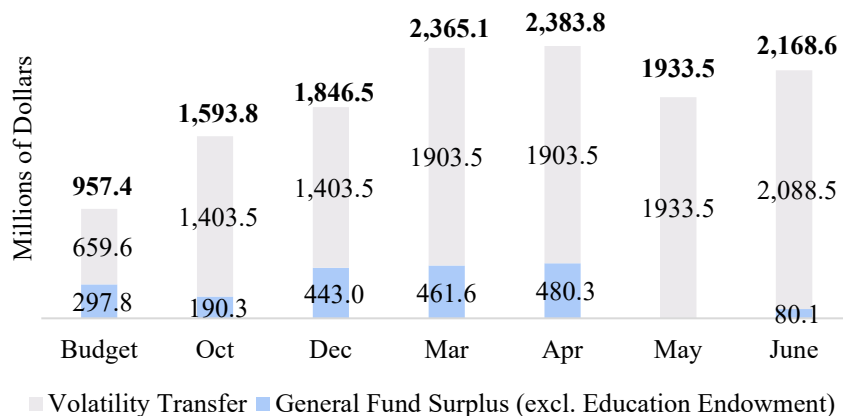
Projected FY 2025 Year-end Balance Before Transfers Out (% of FY 2026 GF budget):

\$6.273 billion (26.1%)

Projected Year-end Transfers to SERS/TRS:

\$1.95 billion

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 JUNE 30, 2025
(In Thousands)

Exhibit A

ASSETS

Cash and Short Term Investments	\$	1,717,901
Accounts Receivable		16,257
Accrued Taxes Receivable		-
Due from Other Funds		-
Loans Receivable		3,413
Unrealized Revenue - Exhibit C		(7,685)
		<hr/>
Total Assets	\$	1,729,886
		<hr/>

LIABILITIES, RESERVES, APPROPRIATIONS AND SURPLUS

LIABILITIES

Deficiency in Cash and Short Term Investments	\$	-
Accounts Payable		232
Due to Other Funds		16,176
		<hr/>
Total Liabilities		16,408

RESERVES

Reserve for Petty Cash		987
Reserve Future Carryforwards		213,370
Reserve for Receivables		3,413
		<hr/>
Total Reserves		217,770
		<hr/>

FUND BALANCE

Reduction for Transfer of Prior Year Surplus		(400,997)
Fund Balance Due to Change in Accounting Method (FY 2014)		373,957
		<hr/>
Total Fund Balance		(27,040)
		<hr/>

Unexpended Appropriations - Exhibit D		1,142,927
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Unappropriated Surplus (Deficit) - Exhibit B		379,821
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Total Liabilities, Reserves, Fund Balance, Appropriations and Surplus	\$	1,729,886
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**STATE OF CONNECTICUT GENERAL FUND
ANALYSIS OF UNAPPROPRIATED SURPLUS
AS OF JUNE 30, 2025**
(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	\$ 1,706,800	\$ -	\$ 22,033,100
Other Revenue	1,514,200	460,300	-	1,974,500
Other Sources	1,263,200	(1,456,800)	-	(193,600)
	<hr/>	<hr/>	<hr/>	<hr/>
Total Budgeted Revenue	23,103,700	710,300	-	23,814,000
	<hr/>	<hr/>	<hr/>	<hr/>
APPROPRIATIONS - EXHIBIT D				
Budgeted Appropriations	23,427,500	462,666	63,227	23,953,393
Continued from Prior Year	438,900	-	-	438,900
	<hr/>	<hr/>	<hr/>	<hr/>
Current Year Appropriations	22,988,600	462,666	63,227	23,514,493
Estimated Lapses	(182,700)	102,386	-	(80,314)
	<hr/>	<hr/>	<hr/>	<hr/>
Net Appropriations	22,805,900	565,052	63,227	23,434,179
	<hr/>	<hr/>	<hr/>	<hr/>
Surplus (Deficit) from Operations	297,800	145,248	(63,227)	379,821
Miscellaneous Adjustments	-	-	-	-
Surplus (Deficit), July 1, 2024	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Projected Surplus (Deficit), June 30, 2025	\$ 297,800	\$ 145,248	\$ (63,227)	\$ 379,821
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STATE OF CONNECTICUT GENERAL FUND
STATEMENT OF ESTIMATED AND REALIZED REVENUE
FOR THE TWELVE MONTHS ENDED JUNE 30, 2025
(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	\$ 553,700	\$ 9,084,100	\$ 8,203,783	\$ 880,317
Personal Income - Estimates and Finals	2,703,000	1,090,500	3,793,500	3,749,277	44,223
Sales and Use	5,428,200	(324,700)	5,103,500	4,711,614	391,886
Corporations	1,526,500	(123,200)	1,403,300	1,348,041	55,259
Pass-through Entity Tax	1,877,300	497,000	2,374,300	2,335,579	38,721
Public Service Corporations	296,800	35,100	331,900	262,776	69,124
Inheritance and Estate	182,200	(36,200)	146,000	146,119	(119)
Insurance Companies	266,800	57,600	324,400	324,109	291
Cigarettes and Tobacco	262,000	(27,800)	234,200	221,777	12,423
Real Estate Conveyance	292,600	(3,000)	289,600	244,885	44,715
Alcoholic Beverages	78,800	(1,000)	77,800	67,671	10,129
Admissions, Dues and Cabaret	31,000	11,900	42,900	42,888	12
Health Provider	957,400	(44,800)	912,600	685,351	227,249
Miscellaneous Taxes	69,200	(47,800)	21,400	21,547	(147)
Totals	22,502,200	1,637,300	24,139,500	22,365,417	1,774,083
Less Refunds of Taxes	(1,971,900)	68,100	(1,903,800)	(2,099,984)	196,184
Less Income Tax Credit	(196,200)	-	(196,200)	-	(196,200)
Less R & D Credit Exchange	(7,800)	1,400	(6,400)	(6,449)	49
Net Taxes	20,326,300	1,706,800	22,033,100	20,258,984	1,774,116
OTHER REVENUE					
Transfers - Special Revenue	411,900	(57,900)	354,000	521,532	(167,532)
Indian Gaming Payments	286,000	46,700	332,700	137,616	195,084
Licenses, Permits and Fees	330,700	2,500	333,200	329,867	3,333
Sales of Commodities and Services	17,800	(500)	17,300	17,586	(286)
Rents, Fines and Escheats	175,200	93,600	268,800	257,883	10,917
Investment Income	201,700	377,000	578,700	578,693	7
Miscellaneous Other	158,000	56,300	214,300	208,927	5,373
Total Other Revenue	1,581,300	517,700	2,099,000	2,052,104	46,896
Less Refunds of Payments	(67,100)	(57,400)	(124,500)	(130,232)	5,732
Net Other Revenue	1,514,200	460,300	1,974,500	1,921,872	52,628
OTHER SOURCES					
Federal Grants	1,886,500	55,500	1,942,000	1,940,830	1,170
Transfer from the Tobacco Settlement Fund	(70,400)	175,600	105,200	-	105,200
Transfer to/from the Resources of the General Fund	106,700	(259,000)	(152,300)	(300,001)	147,701
Transfers to BRF - Volatility Adjustment	(659,600)	(1,428,900)	(2,088,500)	-	(2,088,500)
Total Other Sources	1,263,200	(1,456,800)	(193,600)	1,640,829	(1,834,429)
Total Budgeted Revenue	\$ 23,103,700	\$ 710,300	\$ 23,814,000	\$ 23,821,685	\$ (7,685)

**STATE OF CONNECTICUT GENERAL FUND
STATEMENT OF APPROPRIATIONS AND EXPENDITURES
FOR THE TWELVE MONTHS ENDED JUNE 30, 2025**
(In Thousands)

Exhibit D

	Continued and Initial <u>Appropriations</u>	Increases or (Decreases)	Estimated Additional <u>Requirements</u>	Total <u>Appropriations</u>	<u>Expenditures</u>	Estimated <u>Lapses</u>	Unexpended <u>Appropriations</u>
LEGISLATIVE							
Legislative Management	\$ 95,355	\$ (5,211)	\$ -	\$ 90,144	\$ 82,830	\$ 7,241	\$ 73
Auditors of Public Accounts	15,040	-	-	15,040	14,704	336	-
Women, Children, Seniors, Equity & Opportunity	1,200	-	-	1,200	882	318	-
Total Legislative	111,595	(5,211)	-	106,384	98,416	7,895	73
GENERAL GOVERNMENT							
Governor's Office	5,275	(3,838)	-	1,437	391	786	260
Secretary of the State	13,374	228	-	13,602	11,919	1,684	(1)
Lieutenant Governor's Office	765	22	-	787	834	-	(47)
Elections Enforcement Commission	4,084	2,135	-	6,219	5,850	360	9
Office of State Ethics	1,964	301	-	2,265	1,915	10	340
Freedom of Information Commission	2,212	1,726	-	3,938	3,325	351	262
State Treasurer	47,910	(43,769)	-	4,141	3,699	391	51
State Comptroller	81,769	1,046	-	82,815	39,843	1,162	41,810
Department of Revenue Services	66,339	(8,862)	-	57,477	55,974	1,063	440
Office of Governmental Accountability	3,078	77	-	3,155	2,527	628	-
Office of Policy and Management	246,608	(168,547)	-	78,061	50,562	2,760	24,739
Department of Veterans' Affairs	27,371	1,628	-	28,999	27,708	1,046	245
Department of Administrative Services	228,459	312,768	-	541,227	513,852	5,950	21,425
Construction Services	-	-	-	-	-	-	-
Attorney General	39,057	1,151	-	40,208	36,769	3,276	163
Division of Criminal Justice	63,166	2,064	-	65,230	60,452	4,379	399
Total General Government	831,431	98,130	-	929,561	815,620	23,846	90,095
REGULATION AND PROTECTION							
Dept of Emergency Services and Public Protection	237,253	6,061	-	243,314	239,507	2,308	1,499
Department of Motor Vehicles	-	-	-	-	-	-	-
Military Department	6,420	339	-	6,759	6,604	155	-
Department of Consumer Protection	18,362	546	-	18,908	15,100	3,450	358
Labor Department	105,644	1,397	-	107,041	91,271	1,418	14,352
Commission on Human Rights & Opportunities	10,328	518	-	10,846	8,909	1,919	18
Protection & Advocacy for Persons with Disabilities	-	-	-	-	-	-	-
Total Regulation and Protection	378,007	8,861	-	386,868	361,391	9,250	16,227
CONSERVATION AND DEVELOPMENT							
Department of Agriculture	9,009	145	-	9,154	7,220	823	1,111
Department of Energy and Environmental Protection	77,654	1,615	-	79,269	60,287	10,660	8,322
Council on Environmental Quality	-	-	-	-	-	-	-
Department of Economic & Community Development	38,622	292	-	38,914	37,607	1,177	130
Department of Housing	114,521	18,316	-	132,837	131,565	1,268	4
Agricultural Experiment Station	8,904	246	-	9,150	9,100	50	-
Total Conservation and Development	248,710	20,614	-	269,324	245,779	13,978	9,567
HEALTH AND HOSPITALS							
Office of the Chief Medical Examiner	11,118	375	-	11,493	10,964	276	253
Department of Mental Health & Addiction Services	749,671	36,932	-	786,603	780,345	4,445	1,813
Psychiatric Security Review Board	375	13	-	388	378	10	-
Office of Health Strategy	4,829	103	-	4,932	4,048	723	161
Department of Public Health	80,104	2,290	-	82,394	76,447	5,947	-
Department of Developmental Service	1,583,794	5,269	-	1,589,063	1,544,166	44,894	3
Total Health and Hospitals	2,429,891	44,982	-	2,474,873	2,416,348	56,295	2,230
TRANSPORTATION							
Department of Transportation	-	-	-	-	-	-	-
Total Transportation	-	-	-	-	-	-	-
HUMAN SERVICES							
Department of Social Services	4,618,864	289,476	-	4,908,340	4,892,132	13,856	2,352
State Department on Aging	-	-	-	-	-	-	-
Department of Aging and Disability Services	34,803	350	-	35,153	33,235	1,917	1
Total Human Services	4,653,667	289,826	-	4,943,493	4,925,367	15,773	2,353
EDUCATION, MUSEUMS, LIBRARIES							
Department of Education	3,386,631	(30,872)	-	3,355,759	3,329,585	21,270	4,904
Office of Early Childhood	395,663	(10,812)	-	384,851	380,807	2,542	1,502
Connecticut Technical Education and Career System	191,823	17,896	-	209,719	209,749	100	(130)

State Library	10,991	187	-	11,178	10,378	825	(25)
Office of Higher Education	56,095	136	-	56,231	34,534	1,097	20,600
University of Connecticut	239,638	7,811	-	247,449	243,849	3,600	-
University of Connecticut Health Center	131,390	4,085	-	135,475	133,450	2,025	-
Teachers' Retirement Board	1,587,527	52,116	-	1,639,643	1,637,352	2,290	1
Connecticut State Colleges and Universities	469,180	15,912	-	485,092	474,904	8,780	1,408
Total Education, Museums, Libraries	6,468,938	56,459	-	6,525,397	6,454,608	42,529	28,260

CORRECTIONS

Department of Correction	713,044	60,875	-	773,919	767,643	136	6,140
Department of Children and Families	817,601	(307,491)	-	510,110	492,680	29,054	(11,624)
Total Corrections	1,530,645	(246,616)	-	1,284,029	1,260,323	29,190	(5,484)

JUDICIAL

Judicial Department	609,817	22,797	-	632,614	626,375	6,238	1
Public Defender Services Commission	89,492	2,675	-	92,167	90,885	1,281	1
Total Judicial	699,309	25,472	-	724,781	717,260	7,519	2

NON-FUNCTIONAL

Governor's Contingency Account	-	-	-	-	-	-	-
Debt Service	1,985,729	(28,300)	-	1,957,429	1,902,404	69,131	(14,106)
UConn 2000 - Debt Service	226,542	-	-	226,542	214,178	-	12,364
CHEFA Day Care Security	4,000	-	-	4,000	3,650	-	350
Pension Obligation Bonds - TRB	330,191	-	-	330,191	330,191	-	-
Municipal Restructuring	-	47,910	-	47,910	46,519	-	1,391
Reserve for Salary Adjustments	-	-	-	-	-	-	-
Workers' Compensation Claims	8,260	-	-	8,260	6,485	8,408	(6,633)
Workers' Compensation Claims - UCONN	2,271	200	-	2,471	2,391	-	80
Workers' Compensation Claims - UCHC	3,461	-	-	3,461	2,933	-	528
Workers' Compensation Claims - CSCU	3,289	-	-	3,289	2,861	-	428
Workers' Compensation Claims - DCF	10,287	-	-	10,287	8,784	-	1,503
Workers' Compensation Claims - DMHAS	18,561	1,000	-	19,561	19,750	-	(189)
Workers' Compensation Claims - DESPP	3,723	-	-	3,723	3,205	-	518
Workers' Compensation Claims - DDS	15,773	-	-	15,773	11,847	-	3,926
Workers' Compensation Claims - DOC	34,123	6,000	-	40,123	39,876	-	247
Adjudicated Claims	4,000	60,000	-	64,000	63,227	-	773
Death Benefits for State Employees	29	12	-	41	42	-	(1)
Reimburse Towns-Tax Loss-State Property	-	-	-	-	-	-	-
Grants to Towns	-	-	-	-	-	-	-
Reimburse Towns-Tax Loss-Tax Exempt Property	-	-	-	-	-	-	-
Unemployment Compensation	5,055	-	-	5,055	3,914	-	1,141
Higher Education Alternative Retirement System	15,396	69,000	-	84,396	83,265	-	1,131
Pensions and Retirements - Other Statutory	2,189	-	-	2,189	2,196	-	(7)
Judges & Compensation Commissioners Retirement	37,436	(6,976)	-	30,460	30,460	-	-
Insurance - Group Life	10,428	-	-	10,428	9,280	-	1,148
Tuition Reimbursement - Training & Travel	-	11,323	-	11,323	4,570	-	6,753
Employers Social Security	198,254	13,037	-	211,291	209,193	-	2,098
State Employees Health Service	708,257	(24,444)	-	683,813	652,643	-	31,170
Retired State Employees Health Service Cost	738,000	35,000	-	773,000	764,896	-	8,104
Other Post Employment Benefits	43,946	17,582	-	61,528	61,103	-	425
Insurance Recoveries	-	-	-	-	-	-	-
SERS Defined Contribution Match	24,500	-	-	24,500	16,136	-	8,364
SERS Contributions- Normal Cost	182,006	2,267	-	184,273	184,273	-	-
SERS Contributions-UAL	1,420,805	29,154	-	1,449,959	759,768	-	690,191
Employees Retirement Contributions	2,181	-	-	2,181	-	-	2,181
Retirement Contributions	-	-	-	-	-	-	-
CT Premium Pay	-	-	-	-	-	-	-
Non-Functional Change to Accruals-Fringe	38,999	-	-	38,999	-	54,500	(15,501)
Miscellaneous Adjustments/Rounding	(2,384)	(62,616)	63,227	(1,773)	-	(258,000)	256,227
Total Non-Functional	6,075,307	170,149	63,227	6,308,683	5,440,040	(125,961)	994,604
Total Budgeted Appropriations	\$ 23,427,500	\$ 462,666	\$ 63,227	\$ 23,953,393	\$ 22,735,152	\$ 80,314	\$ 1,142,927

**STATE OF CONNECTICUT TRANSPORTATION FUND
STATEMENT OF APPROPRIATIONS AND EXPENDITURES
FOR THE TWELVE MONTHS ENDED JUNE 30, 2025**

Exhibit H

(In Thousands)

	Continued and Initial	Increases or	Estimated Additional	Total		Estimated	Unexpended
	<u>Appropriations</u>	<u>(Decreases)</u>	<u>Requirements</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Lapses</u>	<u>Appropriations</u>
Department of Transportation	\$ 1,323,617	\$ (227,846)	\$ -	\$ 1,095,771	\$ 1,022,269	\$ 2,414	\$ 71,088
Department of Motor Vehicles	88,563	1,582	-	90,145	77,405	8,737	4,003
Department of Energy and Environmental Protection	17,971	(3,515)	-	14,456	4,456	-	10,000
Office of Policy and Management	9,853	(9,090)	-	763	691	71	1
Debt Service - State Treasurer	951,116	(3,260)	-	947,856	858,965	88,891	-
Reserve for Salary Adjustments	-	-	-	-	-	-	-
Workers' Compensation Claims	6,723	1,300	-	8,023	7,276	-	747
Department of Administrative Services	(216,334)	236,374	-	20,040	18,843	632	565
Unemployment Compensation	360	-	-	360	205	-	155
Higher Ed Alternative Ret Syst	-	-	-	-	-	-	-
Insurance - Group Life	414	-	-	414	373	-	41
Employers Social Security Tax	19,026	1,600	-	20,626	20,181	-	445
State Employees Health Service	71,541	-	-	71,541	66,336	-	5,205
Other Post Employment Benefits	2,989	958	-	3,947	3,897	-	50
SERS Defined Contribution Match	1,539	-	-	1,539	1,103	-	436
SERS Contributions- Normal Cost	21,096	262	-	21,358	21,358	-	-
SERS Contributions-UAL	146,129	2,998	-	149,127	149,127	-	-
Non-Functional-Change to Accruals	3,800	-	-	3,800	(38,458)	6,331	35,927
Insurance Recoveries	-	-	-	-	-	-	-
Unallocated	-	-	-	-	-	-	-
Total Budgeted Appropriations	\$ 2,448,403	\$ 1,363	\$ -	\$ 2,449,766	\$ 2,214,027	\$ 107,076	\$ 128,663

**STATE OF CONNECTICUT TRANSPORTATION FUND
BALANCE SHEET
AS OF JUNE 30, 2025**

(In Thousands)

Exhibit E

ASSETS

Cash and Short Term Investments	\$ 460,158
Accrued Taxes Receivable	2,155
Due from Other Funds	-
Unrealized Revenue - Exhibit G	631,889
	<hr/>
Total Assets	\$ 1,094,202
	<hr/> <hr/>

APPROPRIATIONS, LIABILITIES AND SURPLUS

Misc Adjustments	
Reserved to Reduce STO Indebtedness	12
Unexpended Appropriations - Exhibit H	128,663
Liabilities	1
Due To Other Funds	157
Reduction for Transfer of Surplus	527,801
Unappropriated Surplus - Exhibit F	437,568
	<hr/>
Total Appropriations, Liabilities and Surplus	\$ 1,094,202
	<hr/> <hr/>

**STATE OF CONNECTICUT TRANSPORTATION FUND
ANALYSIS OF UNAPPROPRIATED SURPLUS
AS OF JUNE 30, 2025**

(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	\$ (72,100)	\$ -	\$ 1,859,000
Other Revenue	<u>423,400</u>	<u>(97,100)</u>	<u>-</u>	<u>326,300</u>
Total Budgeted Revenue	<u>2,354,500</u>	<u>(169,200)</u>	<u>-</u>	<u>2,185,300</u>
APPROPRIATIONS - EXHIBIT H				
Budgeted Appropriations	2,448,403	1,363	-	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	1,363	-	2,299,766
Estimated Lapses	(12,000)	(95,076)	-	(107,076)
Restricted Grants Affecting Surplus	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Appropriations	<u>2,286,403</u>	<u>(93,713)</u>	<u>-</u>	<u>2,192,690</u>
Surplus from Operations	68,097	(75,487)	-	(7,390)
Miscellaneous Adjustments	-	-	-	-
Debt Service Paydown	-	-	(527,801)	(527,801)
FY 24 Surplus Reserve for Debt Service Paydown	-	-	527,801	527,801
Surplus, July 1, 2024	<u>444,958</u>	<u>-</u>	<u>-</u>	<u>444,958</u>
Projected Surplus, June 30, 2025	<u>\$ 513,055</u>	<u>\$ (75,487)</u>	<u>\$ -</u>	<u>\$ 437,568</u>

**STATE OF CONNECTICUT TRANSPORTATION FUND
STATEMENT OF ESTIMATED AND REALIZED REVENUE
FOR THE TWELVE MONTHS ENDED JUNE 30, 2025**

(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	\$ 6,800	\$ 513,500	\$ 516,883	\$ (3,383)
Oil Companies	357,200	(58,000)	299,200	232,148	67,052
Sales and Use Tax	883,200	(4,000)	879,200	726,565	152,635
Sales Tax DMV	106,500	7,600	114,100	114,087	13
Highway Use	94,100	(33,300)	60,800	-	60,800
Totals	<u>1,947,700</u>	<u>(80,900)</u>	<u>1,866,800</u>	<u>1,589,683</u>	<u>277,117</u>
Less Refunds of Taxes	<u>(16,600)</u>	<u>8,800</u>	<u>(7,800)</u>	<u>(7,753)</u>	<u>(47)</u>
Net Taxes	<u>1,931,100</u>	<u>(72,100)</u>	<u>1,859,000</u>	<u>1,581,930</u>	<u>277,070</u>
OTHER REVENUE					
Motor Vehicle Receipts	255,400	19,700	275,100	275,073	27
Licenses, Permits and Fees	126,100	10,300	136,400	139,707	(3,307)
Interest Income	51,000	17,000	68,000	67,658	342
Federal Grants	8,100	(2,900)	5,200	5,187	13
Transfer to/from Other Funds	(13,500)	(132,000)	(145,500)	(497,763)	352,263
Transfer to Emissions Enterprise Fund	-	-	-	(5,500)	5,500
Totals	<u>427,100</u>	<u>(87,900)</u>	<u>339,200</u>	<u>(15,638)</u>	<u>354,838</u>
Less Refunds of Payments	<u>(3,700)</u>	<u>(9,200)</u>	<u>(12,900)</u>	<u>(12,881)</u>	<u>(19)</u>
Net Other Revenue	<u>423,400</u>	<u>(97,100)</u>	<u>326,300</u>	<u>(28,519)</u>	<u>354,819</u>
Total Budgeted Revenue	<u>\$ 2,354,500</u>	<u>\$ (169,200)</u>	<u>\$ 2,185,300</u>	<u>\$ 1,553,411</u>	<u>\$ 631,889</u>



OFFICE of the STATE COMPTROLLER

CONNECTICUT ECONOMIC UPDATE

Sean Scanlon
State Comptroller
AUGUST 2025 EDITION

In this month's edition

Outlook: The U.S. economy remains stable but is losing momentum. GDP grew at a 3% annual rate in Q2 after a small decline in Q1, but much of that was driven by shifts in imports. A more telling measure—consumer spending plus business investment—slowed to 1.2% growth in Q2, down from 1.9% in Q1 and a 3% pace last year. The Consumer Confidence Index increased slightly in July to 97.2 (1985=100) but remains below last year's levels. Consumers are increasingly worried about job availability, with that measure reaching its lowest level since March 2021. Hiring has slowed. U.S. employers added only 73,000 jobs in July, and job gains in May and June were revised sharply lower (-258,000 jobs).

Firms are adjusting to the new normal of high input costs, double-digit tariffs, and elevated borrowing rates. They now have more certainty on taxes from the federal tax and spending bill. While inflation remains relatively tame, June CPI and PCE data showed early signs that tariffs are starting to raise consumer prices. Larger increases are likely later this year as older inventories run out.

In Connecticut, hiring has been slower in the first half of the year compared to other years since the pandemic, but layoffs remain low. Businesses are turning to AI and automation to boost productivity. The Fed held rates steady in July but weak hiring reported August 1st increases the likelihood for a cut in the fall. Slower immigration and trade frictions are expected to weigh on both U.S. and Connecticut growth in the months ahead.

Higher Education under Threat. In this month's feature, we discuss if college is still a good investment, how college costs have changed, and why students today are facing a particularly uncertain future. With the industry confronting challenges on every side, the State's economic future depends in part on how well the educational system prepares students for the jobs of tomorrow.

Fed Decision, Inflation & Trade Deals: The Consumer Price Index annual inflation rate was 2.7% in June for the US and New England. Connecticut weekly wages also grew 2.7% year-over-year, suggesting inflation is eating up gains.

Housing update: Existing home sales were up 7.1% year-over-year in June, while rent growth for new leases has slowed to 2.5% year-over-year.

CT payrolls grew by 6,300 in June, following a drop of 4,200 in May. The labor market has been cooling but remains stable, with unemployment at 3.8%.

More support for working families on the way. As part of the biennial state budget adopted in June, Connecticut increased the fully refundable state Earned Income Tax Credit (EITC) by \$250 for working families with at least one qualifying child.

Changes in Connecticut's Disposable Income Distribution. The U.S. Bureau of Economic Analysis recently released new state statistics. They show that the top 20% of households received 54.7% of the disposable income in 2023, making Connecticut one of the least equitable states.

KEY DATES THIS MONTH

8/1 – July U.S. jobs report
8/12 – July CPI inflation report
8/18 – July CT jobs report
8/28 – U.S. 2025Q2 GDP 2nd estimate
8/29 – July U.S. personal income & spending

Did you know?

In July we released a Special Examination detailing some of the many ways the recently enacted 'One Big Beautiful Bill Act', will impact Connecticut. You can read that [here](#). If you aren't already, [subscribe](#) to our email newsletter, the Economic Pulse, for links to the latest Economic Update sent to you every month.

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?

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OFFICE of the STATE COMPTROLLER

CONNECTICUT ECONOMIC UPDATE

Sean Scanlon
State Comptroller
AUGUST 2025 EDITION

CONNECTICUT HIGHER EDUCATION IN A CHANGING WORLD

For decades, a college degree has been considered the most secure path to upward mobility in the American economy. But in 2025, that assumption is increasingly under pressure. With major technological disruption from artificial intelligence expected to reshape labor markets in the decades ahead, the prospect of taking on tens or hundreds of thousands of dollars in student loans amidst a slowing job market has some students questioning if an expensive 4-year degree is still worth it.

Connecticut's higher education institutions face a myriad of threats, including less public funding, the prospect of fewer full-tuition-paying international students, and enrollment declines. Employers are shifting towards skill-based hiring, and their needs are likely to evolve with rapid changes in technology. Connecticut's aging workforce means there are also opportunities in the skilled trades—professions less likely to be replaced by AI—to replace retiring workers and help the state build more housing. Connecticut's economic resilience depends in part on how well its education systems adapt to these evolving realities.

The Threat from AI and the ROI of College

Going to college typically requires families to make a large up-front investment (the cost of college as well as the opportunity cost of wages and experience the student could have earned right away without a degree).

For example, for UConn (Storrs) students who live on campus, the total cost of attendance before aid will run about \$42,600 per year based on 2025-2026 academic year fees (with \$21,300 of that for tuition and fees). Multiplied by four years would put that sticker price around \$170,000 for a degree, though actual annual costs are generally lower thanks to grants and other aid. In 2022, the average net cost after aid was 63% of the published cost of attendance, and 85% of students receive some form of financial aid according to [UConn](#).

Nationally, the average net cost for a four-year degree is around \$30,000, according to the [Federal Reserve Bank of New York](#). But students

Median Graduate Debt and Earnings, Connecticut Institutions

Schools with at least 1,000 undergraduates

	Median debt for students who have completed	Median earnings of graduates working, 5 years after completing (2022 Dollars)
Yale University	12,975	93,562
Fairfield University	26,000	88,011
Trinity College	23,000	79,872
Quinnipiac University	26,000	79,421
University of Connecticut	21,500	76,632
Sacred Heart University	25,000	73,671
Wesleyan University	17,000	73,142
Connecticut College	23,500	66,752
Goodwin University	33,500	65,520
University of Hartford	27,000	64,107
Central Connecticut State University	22,300	63,695
University of New Haven	27,000	62,942
Charter Oak State College	18,683	59,956
Western Connecticut State University	24,147	58,873
Southern Connecticut State University	22,250	58,062
University of Bridgeport	25,750	57,301
Post University	30,157	57,301
Eastern Connecticut State University	24,250	55,034
Connecticut State Community College	9,200	49,819
Porter & Chester Institute	12,000	42,645

Median debt for students who have completed is for 2021 and 2022 cohorts from NSLDS. Median earnings of graduates working and not enrolled 5 years after completing is for 2014-15 and 2015-16 graduates, measured in 2020 and 2021 from U.S. Department of Treasury.

Source: U.S. Department of Education, College Scorecard • Created with Datawrapper



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also give up four years of wages they could have earned after high school—an opportunity cost estimated at \$150,000.

In Connecticut, bachelor's degree holders earn a median income of \$76,000, compared to \$42,000 for those with only a high school diploma. That's a \$34,000 annual earnings premium. The Fed economists estimate that the average internal rate of return on a bachelor's degree remains strong—12–13% annually—outpacing the long-term returns of stocks (8%) or bonds (4%). That ROI has been the norm since the early 1990's. Still, for some graduates, especially those in lower-paying fields or who take longer to finish school, the numbers may not add up. [One in four](#) may not see a financial payoff.

AI Is Upending Entry-Level White-Collar Work

Even for students who graduate on time and on budget, the job market is shifting. Generative AI tools, like ChatGPT, are already handling tasks traditionally assigned to interns or new hires: data analysis, writing, basic coding, and more. Employers in New England are actively investing in these technologies to boost productivity and reduce hiring, according to the Federal Reserve Bank of Boston.

Dario Amodei, CEO of leading AI firm Anthropic, has warned that AI could replace up to 50% of entry-level white-collar jobs in the next five years. Fields like finance, law, consulting, and tech are particularly vulnerable.

While some experts believe AI will ultimately create more jobs than it displaces, the transition will be rocky. In the meantime, graduate hiring has slowed. Unemployment among college-educated young adults hit 7.3% in June—far above the national average of 4.1%. Many recent grads are underemployed, working jobs that don't require a degree.

Of those who have graduated, **51% of Gen Z view their degree today as a waste of money** (compared to 41% of Millennials and 20% of Baby Boomers), with 45% saying that AI has made their college education irrelevant (versus 30% overall). Another [survey](#) found that 54% of young people aged 16 to 24 are concerned about whether AI will replace the jobs they seek. For students considering college right now, what they study and the critical thinking skills they gain in higher education are likely more important than ever.

Trades, Credentials, and New Paths Forward

In contrast, careers in the skilled trades offer stability, decent pay, and less exposure to automation. After years of being overlooked, jobs in fields like plumbing, HVAC, electrical work, and advanced manufacturing are gaining recognition and demand.

Connecticut needs these workers. An aging workforce and a housing shortage have created real economic opportunity for people who complete apprenticeships or short-term training programs. Jobs requiring hands-on skills or direct human interaction—like police officers, nurses, and even social media influencers—are expected to be more resilient in the face of automation.

As technology reshapes the economy, Connecticut's higher education system must evolve. The traditional four-year degree is still valuable and opens doors to many high-earning professions. But generative AI can already do many jobs employers in the knowledge economy previously filled with interns and young graduates, placing a premium on experienced workers who can critically interact with AI tools. **A generation of underemployed college graduates burdened by student loans is an AI-transition cost the State and families should actively work to avoid.** Families and policymakers must expand their view of what higher education means and invest in a broader range of affordable, flexible, and career-aligned options.

Job postings have shown a targeted decline in demand for junior roles concentrated in sectors most exposed to AI, like marketing specialists, project managers, and financial analysts. Those junior roles used to offer a clear path to senior expertise through on-the-job learning, mentorship and increasing responsibility, according to [the Burning Glass Institute](#).



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After decades of sharp increases, college sticker prices in the U.S. have stabilized—or even declined—in recent years when adjusted for inflation. Between 2019 and 2024, inflation-adjusted in-state tuition and fees fell in 45 states according to the College Board, thanks in part to rapid inflation and slower tuition hikes. But Connecticut bucked the trend: inflation-adjusted tuition at its public four-year colleges rose 3% during that period—making it one of only five states to see a real increase.

In 2024–25, UConn became the most expensive flagship public university in the country for in-state students, not including room and board. Yet many students receive financial aid that dramatically reduces their out-of-pocket costs. This year, UConn and the Connecticut State Colleges and Universities (CSCU) system froze tuition for 2025–26, effectively reducing real costs when adjusted for inflation.

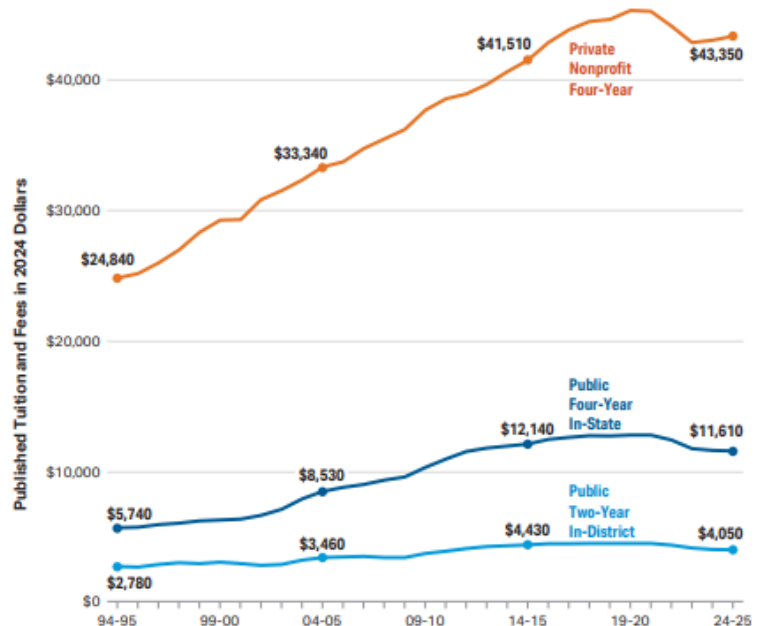
Change in Costs over Time

According to data from the 2024 *Connecticut Higher Education System Data and Trends Report*, by the Office of Higher Education, UConn annual published tuition and fees rose at a compound annual growth rate (CAGR) of 5.4% from the 2014-15 academic year through the 2023-24 academic year, though room and board prices grew slower at 1.7%. When adjusting for inflation, UConn tuition and fees grew at a 2.5% rate, while room and board actually declined at a -1.1% rate.

Total prices for UConn grew at the equivalent of a 0.9% annual rate over those nine years, when adjusting for inflation. That's the same pace as the average of Connecticut's national non-profits (e.g. Yale, Trinity). Average inflation-adjusted published costs for Connecticut State Universities and Colleges (CSCU) grew slower at a 0.6% annual rate over that period. These trends reflect the growing financial pressures colleges face—and their need to stay affordable to attract students.

National 4-Year College Sticker-Price Trends from the College Board

Average Published Tuition and Fees (Enrollment-Weighted) in 2024
Dollars by Sector, 1994-95 to 2024-25

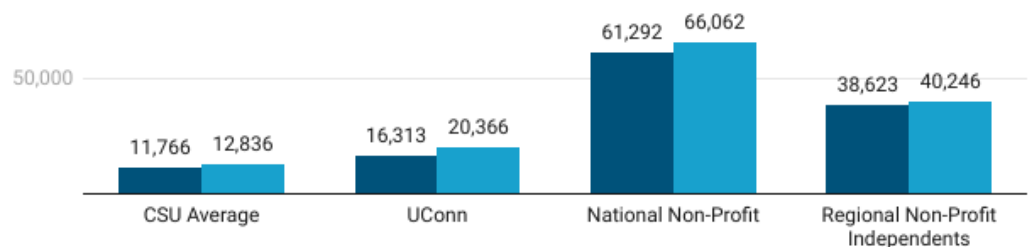


Source: College Board, [Trends in College Pricing and Student Aid 2024](#), Figure CP-2

Connecticut Institutions: Average Tuition & Required Fees

Adjusted for Inflation by the Consumer Price Index for All Urban Consumers

■ 2014-15 (2023 Dollars) ■ 2023-24



Data from the 2024 *Connecticut Higher Education System Data and Trends Report*. CSU includes Eastern, Southern, Western & Central Connecticut State Universities. National non-profit includes Yale, Trinity, Wesleyan, & Connecticut College.

Source: CT Office of Higher Education, BLS, OSC calculations • Created with Datawrapper



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Table 1. **U.S. Department of Education** College Scorecard – Largest Connecticut Institutions

Institution	City	Enrollment (Undergraduates, Fall 2023)	In-state tuition and fees (2023-2024)	Out-of- state tuition and fees (2023-2024)	Average full cost of attendance (Fall 2022)	Average net price (Fall 2022)
Fairfield University	Fairfield	4,938	56,360	56,360	73,371	46,274
Sacred Heart University	Fairfield	6,904	48,460	48,460	66,669	45,459
Quinnipiac University	Hamden	6,208	53,090	53,090	69,666	39,207
Trinity College	Hartford	2,193	67,420	67,420	83,090	35,009
University of New Haven	West Haven	4,799	45,730	45,730	63,970	34,089
Connecticut College	New London	1,960	64,812	64,812	82,219	33,998
University of Hartford	West Hartford	4,032	47,647	47,647	62,273	29,558
Goodwin University	East Hartford	2,761	21,198	21,198	39,745	28,544
Wesleyan University	Middletown	2,973	67,316	67,316	85,172	27,888
Yale University	New Haven	6,811	64,700	64,700	85,120	27,818
University of Bridgeport	Bridgeport	1,450	35,760	35,760	52,786	24,786
University of Connecticut	Storrs	19,147	20,366	43,034	36,572	22,886
Southern Connecticut State University	New Haven	6,180	12,828	26,104	28,592	20,877
Eastern Connecticut State University	Willimantic	3,377	13,292	16,624	30,805	20,480
Post University	Waterbury	18,975	17,100	17,100	27,202	19,196
Western Connecticut State University	Danbury	3,434	12,763	16,095	24,534	18,617
Porter & Chester Institute	Bridgeport	1,405	14,349	14,349	25,552	17,332
Central Connecticut State University	New Britain	7,670	12,460	25,736	24,112	16,435
Charter Oak State College	New Britain	1,620	8,506	8,506	22,558	15,663
University of Connecticut-Stamford	Stamford	2,177	17,472	40,140	27,737	14,059
University of Connecticut-Hartford Campus	Hartford	1,473	17,452	40,120	25,031	13,339
Connecticut State Community College	Hartford	32,292	5,092	14,840	15,360	8,865

Source: [U.S. Department of Education](#); Note: public institutions in bold.

The U.S. Department of Education provides statistics on colleges and universities through the [College Scorecard](#) initiative. That data shows the annual “Cost of Attendance (COA),” which includes tuition and fees, books and supplies, and average living expenses. What students actually pay is called the “Average Net Price.” The net price reflects the annual cost of attendance minus the average grant and scholarship aid received from federal, state, local, or institutional sources. **Table 1** shows these values for most of the largest Connecticut higher education institutions by enrollment for the latest available year—the 2022-2023 academic year, as well as tuition and fees for the 2023-2024 academic year.

Public institutions, especially Connecticut State Community College, offer many of the lowest average net price options among the 25 schools shown. Despite that, median debt at graduation for Connecticut’s 4-year public schools (pg. 2) is largely comparable to private schools (excluding community college). Average debt at graduation at Eastern was \$24,250 versus \$25,000 at Sacred Heart University, \$23,500 at Connecticut College, and \$21,500 at UConn.



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Student loan debt remains a major concern. About 15% of the state's population carries student loan debt, totaling \$20.6 billion, according to the Federal Reserve Bank of New York [Consumer Credit Panel](#). The average student loan borrower in Connecticut carries about \$37,600 in debt. The College Board reports that 49% of students graduating with a bachelor's degree from a public institution and 54% of students at private non-profit schools borrowed for their undergraduate educations for the 2022-2023 academic year. While it has historically paid off for most people to take on debt for college, it can be a huge burden for graduates in lower-earning fields. People who don't end up graduating are particularly vulnerable to bad outcomes. The recently passed federal tax and spending bill makes major changes to loan repayment options that families should review.

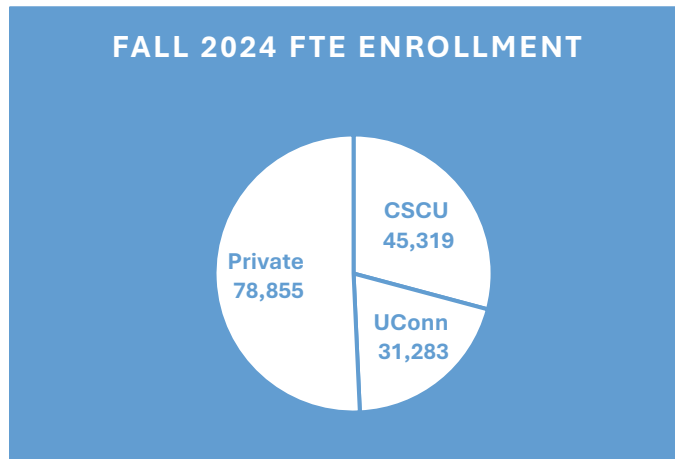
Next, we take a look at some of the major headwinds facing the industry and some examples of what the State is doing to align student education with real world jobs.

A Sector Under Pressure

Recent trends and events have thrown the sector into crisis. Falling enrollment, less funding, and federal actions are all threatening the status quo.

Lower Enrollment

Connecticut's higher education enrollment is split about 50/50 between public and private institutions, totaling about 155,500 full-time equivalent (FTE) students in fall 2024.



Source: CT Office of Higher Education

Public enrollment was declining even before the COVID-19 pandemic, due to drops in the Connecticut State Colleges and Universities (CSCU) system. That includes Eastern, Western, Southern, Central Connecticut, Charter Oak State College and Connecticut State Community College. Public enrollment peaked in 2017 at 90,404 full-time equivalent students,

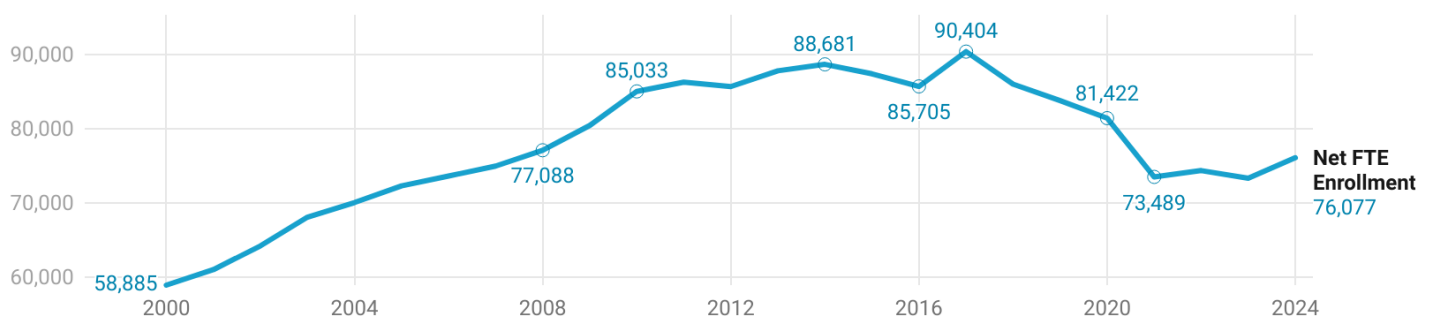
according to the [2024 SHEF Report](#). CSCU enrollment especially dropped during the pandemic as students hesitated to pay college prices for a mostly online education. In contrast, UConn did not see a significant drop in 2020 or 2021.

As of Fall 2024:

- UConn enrollment is up 10% since 2015, driven by out-of-state and international students.
- Connecticut State Universities (CSUs) are down 17% over the decade but have ticked up 4% from fall 2023.

Connecticut Public Institutions: Full-time Equivalent Enrollment

A measure of enrollment equal to one student enrolled full time for one academic year



Includes undergraduate, graduate, resident, and non-resident students but excludes medical school and non-credit enrollments

Source: 2024 SHEF Report, State Higher Education Executive Officers Association • Created with Datawrapper



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- Community colleges have seen a 29% enrollment drop since 2015 despite recent consolidation into CT State Community College.
- Private colleges and universities in Connecticut have grown by 13% since 2015.

Colleges can no longer rely on tuition hikes to fill budget gaps. With skepticism about the value of college rising and family finances stretched, institutions are under pressure to compete on cost, quality, and outcomes.

Universities often invest in glitzy amenities that seem unnecessary. They do it to attract out-of-state and international students who pay higher prices, permitting the institution to offer lower net tuition to other students.

At UConn, the share of in-state undergraduates has dropped from 77% in 2015 to just under 70% in 2024. By contrast, CSCU campuses still enroll 87–98% in-state students.

A more fundamental shift is coming. People in the industry are bracing for **the enrollment cliff**, caused by lower birth rates following the 2008 financial crisis. That lack of babies then translates to fewer high-school graduates projected after 2025, so a smaller pool of individuals potentially entering college. Connecticut is [projected](#) to see a less severe 4% drop in high school graduates as soon as 2028, while the Northeast will see 17% fewer graduates by 2041.

Potentially Fewer International Students

International students—who generally pay full tuition—have historically helped subsidize domestic students. But recent federal actions have raised barriers. In 2025, the U.S. paused new student visa appointments and directed consular officers to scrutinize applicants’ political activity. The administration even temporarily blocked Harvard from enrolling international students.

These steps, along with visa revocations targeting Chinese and pro-Palestinian students and renewed calls to limit post-graduation work options, have raised concerns about academic freedom and made the U.S. less attractive to prospective students.

International students account for 13.4% of Trinity College undergrads, 11.1% for Yale, and 6.7% for UConn based on 2024 [enrollment data](#). They account for a higher proportion



of graduate enrollment, with 21% of UConn’s graduate and professional degree students coming from abroad.

The potential loss of this tuition revenue adds yet another layer of strain on institutions already managing tight budgets, declining demographics, and uncertain labor market returns.

Policy Pressures and Funding Gaps

Connecticut’s public colleges benefitted from pandemic-era federal aid, but those dollars are running out. Without it, institutions are bracing for leaner budgets. State funding for [UConn](#) will account for only 12% of its budget this year, way down from 25% in the 2018-2019 fiscal year and helping to explain recent tuition increases. CSCU benefitted from \$170 million in one-time funds last year but faces big budget deficits this year as funding falls by 23%. Less public funding amidst rising costs is forcing hard choices about staffing, programming, and future tuition.

At the same time, new federal laws are reshaping the higher education landscape. The recently enacted “One Big Beautiful Bill Act” (OBBBA) introduces performance-based accountability for schools. Under the new rules, degree programs can lose access to federal student aid if graduates don’t earn more than typical high school grads in their field. This shift toward outcomes-based oversight could threaten funding for some programs.

The law also modifies the 1.4% tax on earnings from university endowments that applies for large-endowment schools. Now certain schools with more than 3,000 students will pay a rate ranging from 1.4% to 8% on those earnings, which are typically used to help fund scholarships



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and other university operations. In Connecticut the modified tax is expected to affect Yale (at 8%) and possibly Wesleyan.

Federal changes under the Trump administration are also decreasing public funding for research and grants. Cuts to the National Institutes of Health (NIH) and other research agencies threaten federally funded research jobs, while restrictions on indirect costs may undermine the viability of university research centers. As of June 25th, [UConn](#) said it has lost \$95 million in reduced, slowed, and terminated federal research awards since January. [Yale](#) received approximately \$900 million in federal awards and contracts in fiscal year 2024 and stands to lose huge sums based on proposed federal plans.

Higher Education's Economic Role

The stakes go beyond the classroom. In 2024, Connecticut's higher education [industry](#) contributed \$6.4 billion to the state's gross regional product and employed over 57,000 people—more than 3% of the state's workforce. In college towns like Storrs, New Haven, and Fairfield, universities are economic anchors supporting construction, small businesses, and housing demand.

Declining enrollment and federal funding are expected to have ripple effects throughout the economy. Budget cuts and program closures could lead to job losses, fewer educational opportunities, and a weaker talent pipeline.

Toward a More Responsive System

Amid the headwinds, there are emerging opportunities to better align Connecticut's education system with the demands of tomorrow's economy. The [Governor's Workforce Strategic Plan](#) lays out some ideas, as well as examples of recent programs moving in the right direction:

- **Skilled Trades & Apprenticeships:** Connecticut's Registered Apprenticeship Program supports 7,300 active apprenticeships for about 1,800 companies in fields like advanced manufacturing, healthcare, and construction. This training prepares Connecticut students for many fields

less exposed to AI automation and seeks to ensure employers in the State have a talent pool with the skills they need.

- **Debt-Free Community College:** Connecticut's "PACT" program (Pledge to Advance Connecticut) offers recent high school graduates free tuition at community colleges. New legislation allows PACT students who complete their associate's degree to transfer to a state university and receive the same amount of aid. This is a great option for students who want to minimize debt for a college degree.



- **CT Manufacturing Pipeline Initiative:** This workforce development program has placed more than 4,000 residents into manufacturing jobs since its inception, with a 93% job placement rate for completers. It has been helpful for manufacturers to replace retiring workers and expand.



- **Connecticut AI Academy:** Charter Oak State College and Google have partnered to launch this free online [academy](#) designed to bridge the AI skills gap. Students earn a "Google AI Essentials Certificate," a valued credential recognized by employers nationwide.

- **Short-Term Credentials:** The OBBBA will allow Pell funding to be used for high-value programs shorter than 15 weeks if they meet certain criteria. This will support fast-track training aligned with industry needs and provide an opportunity for institutions like Connecticut State Community College to increase enrollment among students previously kept away by cost.

Conclusion

As Connecticut navigates a shifting economic and technological landscape, rethinking how we prepare residents for the future of work is more important than ever. While higher education remains a pillar of opportunity, it must evolve to maintain its relevance. Expanding access to practical, affordable, and responsive learning pathways—including apprenticeships, short-term training, and debt-free options—will help ensure the state's workforce remains competitive and inclusive.



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INTEREST RATES, INFLATION AND TRADE DEALS

The Federal Reserve's Federal Open Market Committee (FOMC) voted to keep the Fed's key interest rate steady again at their July 29-30th meeting. They last cut rates in December. While inflation has generally been falling in the U.S., Fed officials remain on alert for signs President Trump's new double-digit tariffs are pushing up consumer prices. The central bank was slow to react to the burst of inflation in 2021 and 2022 and does not want to see inflation get out of control again.

Inflation in New England has taken a somewhat different path than for the U.S. as a whole, as shown in the two graphs below. They show annualized Consumer Price Index (CPI) inflation based on the overall index and "core" CPI, which excludes volatile food and energy prices. Price growth was generally lower in New England until early 2024 but has been higher since. Faster price growth for housing, education, electricity and fuel, and medical services have contributed to faster inflation here. **In June, the New England CPI dropped to 2.7%, just as the national rate rose to 2.7% (from 2.4% in May).** Connecticut weekly wages also grew 2.7% year-over-year, suggesting the average worker's real wages are flat when adjusting for purchasing power.

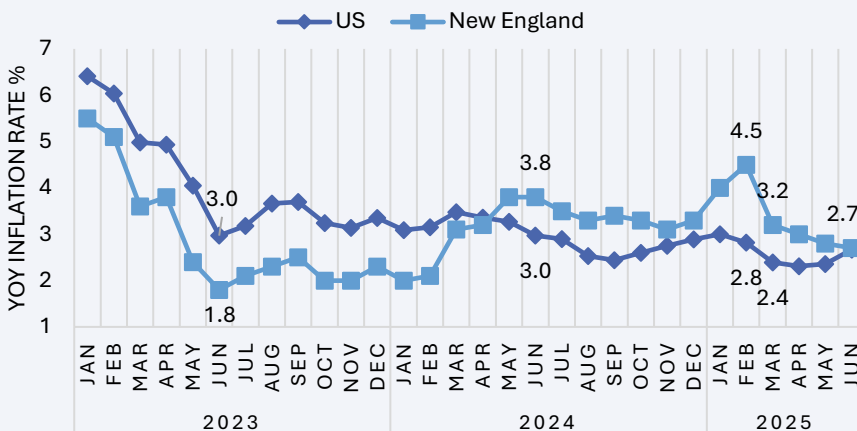
U.S. CPI data (available at a more granular level) suggests that tariffs on imported goods may be starting to affect consumer prices. In June 2025, economists observed notable price increases in categories such as appliances, home furnishings, apparel, and toys—categories that rely heavily on imports. Core goods inflation, excluding used autos, rose 0.3% for the month—the fastest rate in over two years. Economists from firms like Morgan Stanley and KPMG have noted that these

increases align with expectations of tariff pass-through as older pre-tariff inventories run out.

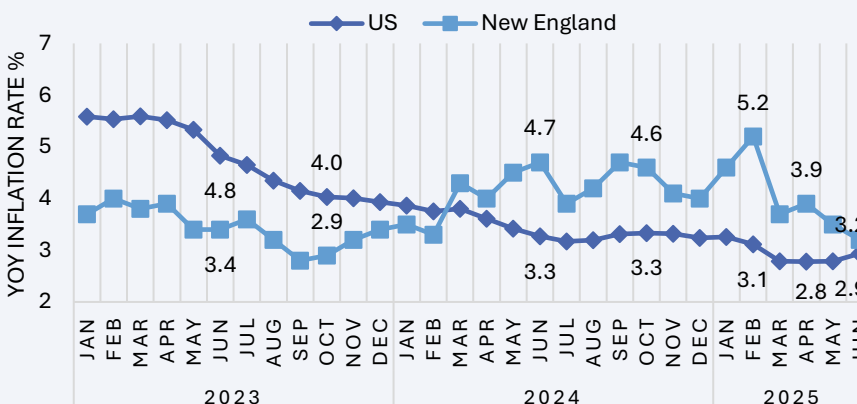
President Trump has announced trade deal frameworks with several U.S. trading partners, with threats of higher tariffs for countries that don't strike deals. **Deals announced so far with the United Kingdom and the European Union could be especially impactful for Connecticut businesses.**

The UK and EU deals exempt civil aviation equipment from duties, which is likely to benefit Connecticut's large aerospace industry through lower costs for components and less supply-chain disruption.

TOTAL CPI INFLATION RATE



CORE CPI INFLATION RATE



Source: Bureau of Labor Statistics

Countries with New Trade Deals Announced as of July 31st

Country	Primary Tariff Rate on Goods Entering US
United Kingdom	10%
Japan	15%
Vietnam	20%
Indonesia & Philippines	19%
South Korea	15%
European Union	15%

Source: New York Times



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Connecticut Housing Market Trends

June 2025

+14.2%

Active Listings YoY
Realtor.com

+4.9%

\$498,900
Median Sales Price
Redfin

+7.1%

Home Sales YoY
Redfin

+1 day

34
Median Days on Market YoY
Realtor.com

6.74%
Freddie Mac 30-Year Fixed Rate
Mortgage Average for the week
ending 7/24

+2.5%

\$1,715
Statewide Median
New Lease Rent, YoY
Apartment List

CONNECTICUT HOUSING MARKET

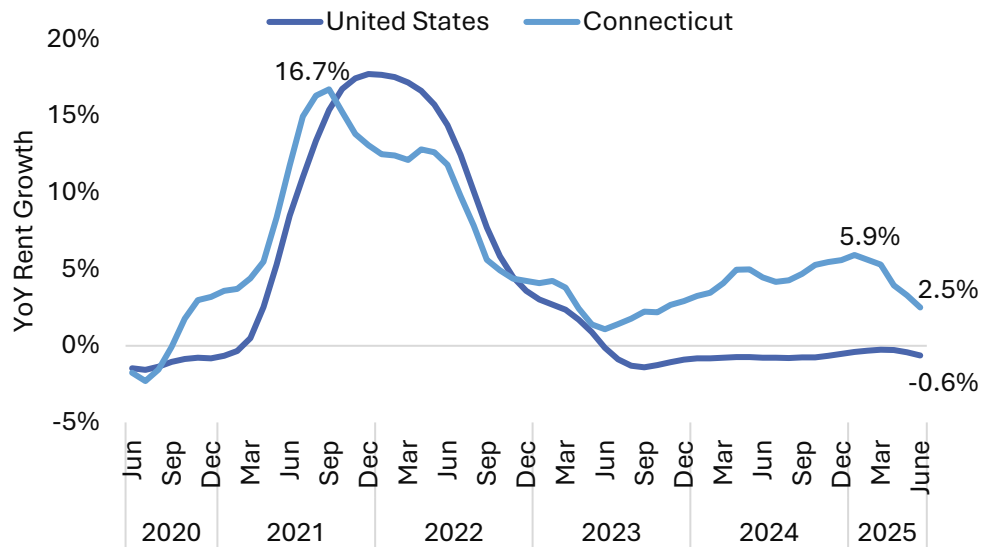
Shifting Buyer-Seller Dynamics

June was a big month for home sales in Connecticut, with buyers having a little more leverage than in the recent past. According to Redfin, sales rose 14.3% from May and 7.1% year-over-year, with the median sales price rising to an all-time high. However, at 4.5%, annual price growth was the lowest in over two years. Homes are still selling over list price, but less so than in June of 2024. More inventory (+14.2% year-over-year according to Realtor.com) is likely relieving some price pressure, while affordability remains poor.

New Lease Rent Inflation Finally Trending Down

The median rent among new leases in Connecticut was \$1,715 in June according to [Apartment List](#). Rents spiked in 2020 through 2022 across the country, with the annual rate of increase peaking in Connecticut at 16.7% in September 2021. Since mid-2023, rents on average across the country have actually declined slightly year-over-year, due to a glut of new rental units coming online, especially in the South. But in Connecticut, inflation among new leases picked up again, with a recent peak at 5.9% in January 2025, according to Apartment List's data. Since then, it's been slowing. New rents are still rising 2.5% year-over-year, and previous increases are still filtering through to renewals.

MEDIAN NEW LEASE RENT IN U.S. & CONNECTICUT: YOY CHANGE



Source: Apartment List

Note: While other indices approximate rents across all rental units, Apartment List's measure is focused on how new leases are being priced, using median rent statistics for recent movers from the American Community Survey extrapolated forward to the current month using a growth rate calculated from real-time lease transactions on Apartment List's platform.



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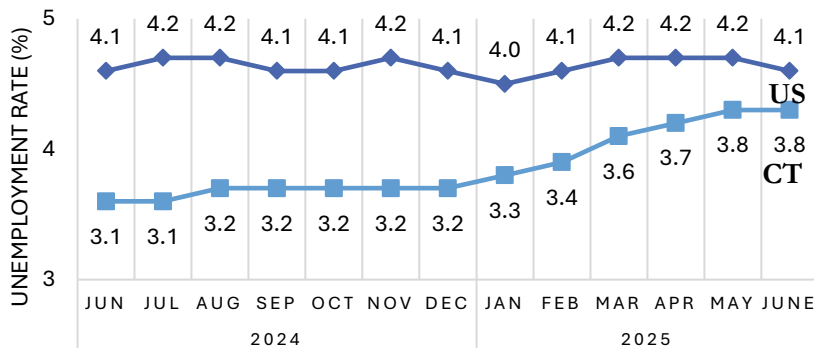
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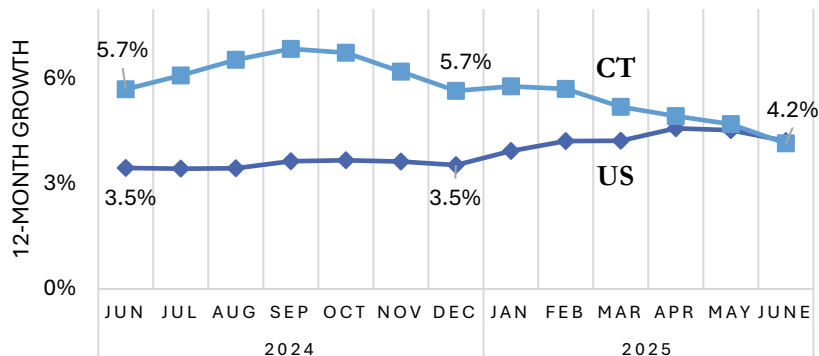
LABOR MARKET UPDATE

Connecticut payroll jobs hit 1.718 million in June, which is the highest level since March 2008. Overall jobs rose by 6,300 (0.4%) in June, following a revised loss of 4,200 jobs in May (partly reflecting a strike at Pratt & Whitney). There were roughly 76,000 open jobs in May.

UNEMPLOYMENT RATE



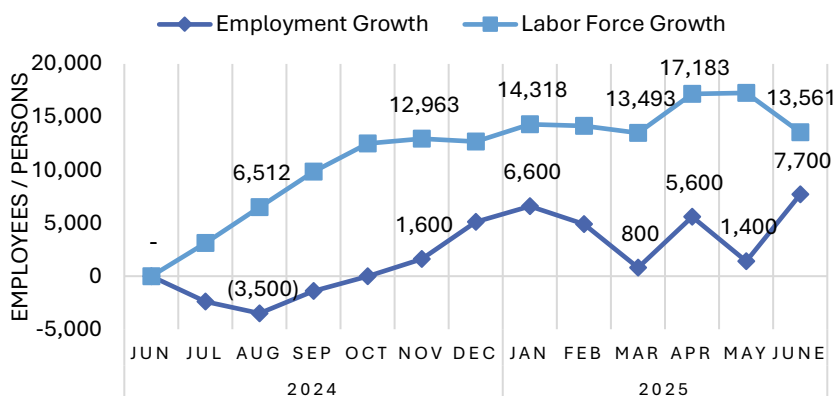
WEEKLY EARNINGS 12-MO. GROWTH - 6 MO. MOVING AVG.



Average weekly earnings, total private employees, not seasonally adjusted

Source: Bureau of Labor Statistics, OSC calculations

CONNECTICUT EMPLOYMENT & LABOR FORCE GROWTH SINCE JUNE 2024



Source: Bureau of Labor Statistics, OSC Calculations

Unemployment

Connecticut's unemployment rate was unchanged in June at 3.8%, below the national rate of 4.1%. Connecticut's labor market has been cooling in 2025, as the number of unemployed people has risen ~9,900 (16%) since January to 73,800, while total employment grew by 1,100 jobs (0.1%).

Earnings Growth

Connecticut private sector weekly earnings averaged \$1,306 in June, up 2.7% over the year (not seasonally adjusted). Looking at the 6-month moving average of that series to smooth out monthly fluctuations shows that Connecticut wage growth has been decelerating and is now on par with the U.S. average at 4.2%. Higher inflation in New England has also been decelerating this year.

Labor Force & Jobs

Connecticut's labor force (people working or looking for work) fell by 3,700 people in June, and the labor force participation rate dropped from 65% to 64.8%. Since June 2024, the labor force is up by ~13,500 (0.7%) and payroll jobs are up by 7,700 (0.5%).



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NEW \$250 STATE INCOME TAX CREDIT FOR EITC RECIPIENTS WITH CHILDREN

As part of the biennial state budget adopted in June, Connecticut increased the fully refundable state Earned Income Tax Credit (EITC) by \$250 for working families with at least one qualifying child. Connecticut's EITC piggybacks on the federal EITC, giving the working households that qualify for the federal version an extra 40%. [Income eligibility thresholds](#) depend on household composition. For a married couple with two children, earned income had to be less than roughly \$55,800 in 2024. Any part of the credit that remains after eliminating the filer's tax liability is given to the recipient in a lump sum as part of their tax refund. Starting with the 2025 tax year, the Connecticut EITC will be worth an extra \$250 to eligible recipients that have a child or other qualifying dependent.

The EITC is a powerful tool to support low- and moderate-income working families in Connecticut, increasing their take-home pay and helping them afford essentials like rent, groceries, and childcare. The amount increases as earned income rises (up to a point) and then plateaus and decreases at higher levels of income. This incentivizes more work, unlike many government programs that have benefit cliffs (e.g., if you work more hours or get a raise, you no longer qualify for any assistance). For 2023, 191,209 Connecticut households received state credits totaling \$190.1 million according to the Department of Revenue Services' 2024 annual report. By supplementing wages, the EITC strengthens household stability and boosts local economies across the state.

TOP MUNICIPALITIES FOR CONNECTICUT'S EARNED INCOME TAX CREDIT, 2023

Rank	Municipality	Amount of CT EITC Claimed (\$ Millions)	Rank	Municipality	CT EITC as share of CT Income Tax
1	HARTFORD	17.3	1	HARTFORD	22.5%
2	BRIDGEPORT	16.7	2	WATERBURY	20.1%
3	WATERBURY	15.5	3	NEW BRITAIN	16.1%
4	NEW HAVEN	12.7	4	WINDHAM	14.3%
5	NEW BRITAIN	9.4	5	NEW LONDON	11.6%
6	STAMFORD	6.4	6	EAST HARTFORD	10.0%



Source: [Department of Revenue Services](#)

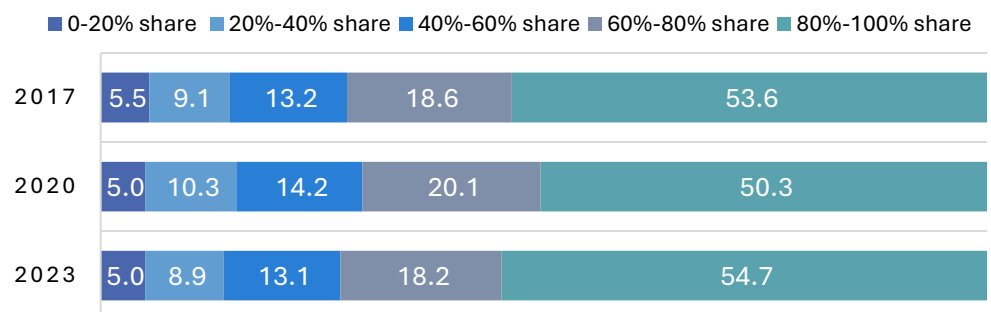
CONNECTICUT'S PERSONAL INCOME DISTRIBUTION

The U.S. Bureau of Economic Analysis (BEA) produces many of the nation's economic statistics, including gross domestic product (GDP) and personal income. In July, BEA released [new statistics](#) that show how disposable personal income (personal income after taxes) has been distributed among households at the state level between 2012 and 2023.

The data essentially ranks every CT household by their disposable income (adjusted for household size) and divides that ordering into five equal quintiles. In 2023, the top 20% of households received 54.7% of the income, up from 50.3% in 2020.

The State's mean personal income (\$223,282 in 2023) ranks 3rd among states but the median (the middle value, \$126,480 in 2023) ranks 9th.

CONNECTICUT DISPOSABLE PERSONAL INCOME



Source: U.S. Bureau of Economic Analysis



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APPENDIX

Connecticut Housing Market	Jun-25	Jun-24	% Change or Change
Home Sales (Redfin)	3,730	3,482	7.1%
Median Sales Price (Redfin)	498,900	475,500	4.9%
Active Listing Count (Realtor.com)	4,872	4,266	14.2%
New Listing Count (Realtor.com)	4,148	3,928	5.6%
Freddie Mac U.S. 30-Year Fixed Rate Mortgage Average (%) (Week ending 7/24/25 and 7/25/24)	6.74	6.78	-0.04
Median Days on Market (from listing to close, Realtor.com)	34	33	1.0
Average Sale-to-List Price Ratio (Redfin)	103.9%	104.3%	-0.4%
Median Rent for New Leases (Apartment List)	1,715	1,673	2.5%
Single-family Housing Permits YTD-June (U.S. Census Bureau)	1,028	1,022	0.6%
2+ Unit Structures Housing Permits YTD-June (U.S. Census Bureau)	1,609	1,131	42.3%

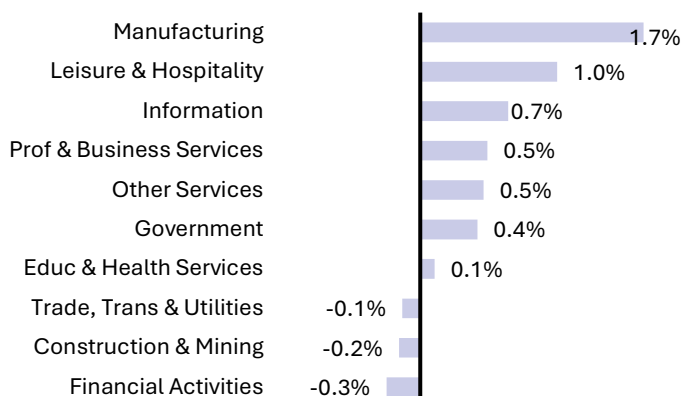
Some Data Retrieved from FRED, Federal Reserve Bank of St. Louis

Connecticut Labor Market	Jun-25	May-25	Jun-24
Unemployment Rate	3.8%	3.8%	3.1%
Total Unemployed	73,800	74,300	60,500
Total Nonfarm Employment	1,718,700	1,712,400	1,711,000
Job Growth	6,300	-4,200	2,700
Job Openings to Unemployed Ratio	-	1.0	1.5
Quit Rate	-	1.6	1.9
Average Monthly Initial Unemployment Claims	4,454	2,617	3,972
Labor Force Participation Rate	64.8%	65.0%	64.8%
Average Hourly Wage	\$38.98	\$38.89	\$37.83

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

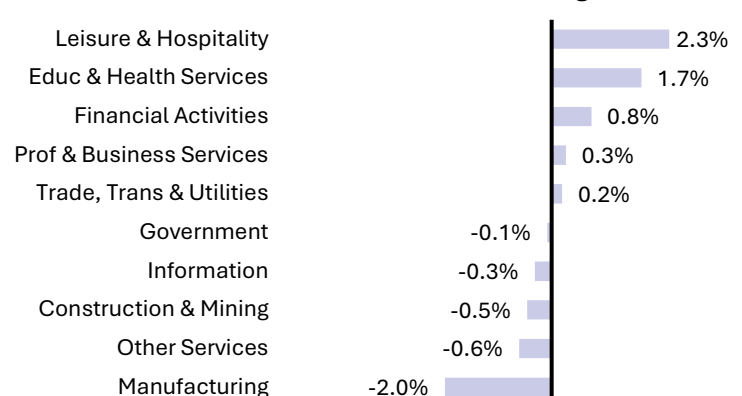
Connecticut Industry Sector Nonfarm Payroll Employment – June 2025

Month-over-Month Percent Change



Source: CT Department of Labor

Year-over-Year Percent Change



Source: CT Department of Labor