

March 20, 2025

The Honorable Sean Scanlon
 State Comptroller
 165 Capitol Avenue
 Hartford, Connecticut 06106

Dear Comptroller Scanlon:

Section 4-66 of the General Statutes requires that my office provide information on the state's General Fund for Fiscal Year 2025. An analysis of the Special Transportation Fund is also provided here due to the significance of this fund. This memorandum also provides an explanation of any projected deficiencies as required by Section 2-36 of the General Statutes.

| | FY 2025 Projection | | | Change in Mar. Est. Estimate - Variance Mar. vs. from Feb. Budget | |
|---|---------------------------|--------------------------|--------------------------|--|---------------|
| | (in millions) | | | | |
| | <u>Budget</u> | <u>Feb. Estimate</u> | <u>Mar. Estimate</u> | <u>Feb.</u> | <u>Budget</u> |
| <u>General Fund</u> | | | | | |
| Revenues | \$ 23,103.7 | \$ 23,678.3 | \$ 23,635.3 | \$ (43.0) | \$ 531.6 |
| Expenditures | <u>22,805.9</u> | <u>23,288.3</u> | <u>23,238.9</u> | <u>(49.4)</u> | <u>433.0</u> |
| Operating Results - Surplus/(Deficit) | \$ 297.8 | \$ 390.0 | \$ 396.4 | \$ 6.4 | \$ 98.6 |
| <u>Budget Reserve Fund</u> | | | | | |
| Deposits | | \$ 1,793.5 | \$ 1,799.9 | \$ 6.4 | |
| Withdrawals | | <u>(933.1)</u> | <u>(933.1)</u> | <u>-</u> | |
| Proj. Net Deposit/(Withdrawal) 6/30 | | \$ 860.4 | \$ 866.8 | \$ 6.4 | |
| <u>Special Transportation Fund</u> | | | | | |
| Revenues | \$ 2,354.5 | \$ 2,353.4 | \$ 2,353.4 | \$ - | \$ (1.1) |
| Expenditures | <u>2,286.4</u> | <u>2,196.6</u> | <u>2,195.9</u> | <u>(0.7)</u> | <u>(90.5)</u> |
| Operating Results - Surplus/(Deficit) | \$ 68.1 | \$ 156.8 | \$ 157.5 | \$ 0.7 | \$ 89.4 |
| Proj. Fund Balance 6/30 | | \$ 568.4 | \$ 602.4 | \$ 34.0 | |
| Notes: | | | | | |
| 1. BRF withdrawal includes the transfer out of \$933.1 million in FY 2025 pursuant to Sec. 4-30a, CGS based on the FY 2024 ending balance. This sum was deposited as additional contributions to the State Employees Retirement Fund and the Teachers' Retirement Fund. | | | | | |
| 2. STF Fund balance after anticipated transfer to reduce STO debt pursuant to P.A. 24-151, Sec. 124. | | | | | |

Spending Cap

As illustrated below, this month's expenditure projections reflect the need for a net increase in appropriations, across all budgeted funds, of more than \$172 million, an improvement of approximately \$53 million from last month, largely driven by administrative actions taken at the direction of the Governor since the issuance of last month's letter. Accordingly, the currently projected gap between this \$172 million figure and the \$164 million in room to increase appropriations under the constitutional spending cap has been reduced to approximately \$8 million. OPM will continue to closely monitor spending over the balance of the current fiscal year to avoid having to delay payments, which would exacerbate any funding challenges next fiscal year.

| | Amount (millions) |
|--|----------------------|
| <u>Identified Shortfalls</u> | |
| General Fund | \$ 539.8 |
| Special Transportation Fund | 1.5 |
| less Adjudicated Claims | (55.0) |
| <hr/> | |
| Required Increased Appropriations | \$ 486.3 |
| <u>Identified Lapses</u> | |
| General Fund | \$ 285.6 |
| Special Transportation Fund | 105.4 |
| Other Appropriated Funds | 53.7 |
| less Debt Service | (130.6) |
| <hr/> | |
| Total Available for Transfer | \$ 314.1 |
| | |
| Requirements less Available Lapses | \$ 172.2 |
| Available Spending Cap Room | 164.0 |
| <hr/> | |
| Requirements in Excess of Spending Cap | \$ 8.2 |

General Fund

The FY 2025 budget, P.A. 23-204, anticipated a \$297.8 million balance at year end – 1.3% of General Fund appropriations. We currently project a surplus of \$396.4 million, up \$6.4 million from last month's estimate as a result of an improvement in spending primarily resulting from fully allocating the budgeted Unallocated Lapse as well as other administrative actions taken to reduce Executive Branch spending through the end of the fiscal year and a partially offsetting decrease in General Fund revenue due to the passage of Special Acts 25-1 and 25-2.

Budget Reserve Fund

Our forecast of the Budget Reserve Fund balance is depicted below. We project that, after transferring out of the fund and into the State Employees and Teachers' Retirement Systems pursuant to the close-out of FY 2024 and transfers into the fund pursuant to the statutory volatility cap and the estimated FY 2025 operating surplus, the fund balance at the end of FY 2025 will be \$5.91 billion, or 25.9% of net General Fund appropriations for the current year. Given that this balance is expected to exceed the statutory 18% cap for the Budget Reserve Fund next fiscal year, additional transfers to the State Employees Retirement Fund and/or the Teachers' Retirement Fund are expected during the close-out period for FY 2025.

| Budget Reserve Fund | |
|---|----------------|
| | (in millions) |
| BRF Ending Balance - FY 2024 (OSC 12/31/24) | \$ 5,038.2 |
| Deposit to SERS/TRS pursuant to FY 2024 Closeout (OSC 12/31/24) | <u>(933.1)</u> |
| Estimated FY 2024 Ending Balance After Transfers to Pensions | \$ 4,105.1 |
| Projected Operating Surplus - FY 2025 (OPM 2/20/25 Est.) | 396.4 |
| Volatility Cap Deposit - FY 2025 (OPM 2/20/25 Est.) | <u>1,403.5</u> |
| Estimated BRF Ending Balance - FY 2025 | \$ 5,905.0 |
| Ending BRF as % of Current Year GF Appropriations | 25.9% |

Revenues

Projected revenues reflect a decrease of \$43.0 million from last month's estimate as a result transfers included in Special Act 25-1 and Special Act 25-2. All other sources of revenue remain unchanged from last month and continue to reflect the January 15th consensus forecast.

Expenditures

We forecast that FY 2025 net spending will, in aggregate, be \$433.0 million above the levels anticipated in the adopted budget, a decrease of \$49.4 million from last month's estimate. A description of projected shortfalls and lapses follows.

Deficiencies: Shortfalls totaling \$539.8 million are forecast in the following agencies.

- Department of Revenue Services. A shortfall of \$477,472 in the Personal Services account is anticipated.
- Department of Veterans Affairs. A net shortfall of \$625,000 is forecast, with \$1.0 million in the Other Expenses account as a result of rising operational costs in the department's skilled nursing facility that is partially offset by a \$375,000 lapse in the Personal Services account.
- Department of Administrative Services. A net shortfall of \$5.16 million is forecast, with \$4.5 million in the Personal Services account, \$1.0 million in the Other Expenses account due to increases in electricity and other premises costs, and \$562,120 in the W.C. Administrator account as a result of current contractual costs which are partially offset by a \$900,000 lapse in the State Insurance and Risk Management Operations account.
- Department of Emergency Services and Public Protection. A total shortfall of \$6.17 million is forecast, with \$4.5 million in the Personal Services account as a result of increased overtime expenditures and \$1.6 million in the Criminal Justice Information System as a result of unbudgeted costs associated with the Clean Slate initiative and \$65,000 in the Connecticut State Firefighter's Association account as a result of benefit payments exceeding available appropriations.
- Military Department. A total shortfall of \$471,500 is forecast, with \$356,500 in the Personal Services account and \$115,000 in the Other Expenses account.
- Department of Labor. A \$500,000 shortfall is projected in the Other Expenses account.
- Commission on Human Rights and Opportunities. A \$200,000 shortfall is forecast in the Personal Services account.
- Department of Housing. A \$7.0 million shortfall is projected in the Housing / Homeless Services account as a result of rent increases.
- Agricultural Experiment Station. A \$300,000 shortfall is projected in the Personal Services account.
- Department of Public Health. A net shortfall of \$2.21 million is forecast with \$1.62 million in the Personal Services account, \$997,000 in the Other Expenses account, and \$18,801 in the Local and District Departments of Health account as a result of Durham joining the CT River Area Health District. Partially

offsetting these shortfalls are projected lapses of \$232,000 in the Lung Detection and Referrals account and \$198,000 in the School Based Health Clinics account.

- Office of Health Strategy. A \$240,000 shortfall is forecast in the Personal Services account.
- Office of the Chief Medical Examiner. A net shortfall of \$80,000 is forecast based on \$180,000 in the Personal Services account which is partially offset by projected lapse of \$100,000 in Other Expenses.
- Department of Developmental Services. A net shortfall of \$7.66 million is anticipated, with \$8.4 million in the Personal Services account and \$1.2 million in the Other Expenses account due to vehicle and utilities costs. Partially offsetting these shortfalls are projected lapses of \$1.59 million in the Behavioral Services Program account due to the timing of several initiatives and \$350,000 in the Supplemental Payments for Medical Services account based on census levels.
- Department of Mental Health and Addiction Services. A net shortfall of \$32.93 million is projected with \$17.0 million in Personal Services, \$8.5 million in the Other Expenses account as a result of higher than anticipated food, utilities and maintenance costs, \$8.0 million in the Professional Services account due to the cost of contracted doctors and nurses, \$2.1 million in the Behavioral Health Medications account due to price increases for medications, \$350,000 in the Discharge and Diversion Services account due to unanticipated costs associated with discharges from Connecticut Valley Hospital and Whiting Forensic Hospital, and \$250,000 in the Home and Community Based Services account as a result of an uptick in placements. Partially offsetting these deficiencies are forecast lapses of \$3.0 million in the Behavioral Health Recovery Program, \$109,000 in the Young Adult Services account, \$100,000 in the Forensic Services account, and \$65,000 in the Managed Service System account.
- Department of Social Services. A net shortfall of \$261.5 million is anticipated. A \$290.0 million deficit is forecast in the Medicaid account due to higher than budgeted costs. The Governor's proposed FY 2025 budget had recognized additional costs in Medicaid of \$106.8 million. Additional shortfalls of \$3.1 million in Aid to the Disabled, \$1.2 million in Old Age Assistance and \$4.4 million in State Administered General Assistance are forecast due to higher caseload and costs per case than had been budgeted. Partially offsetting these shortfalls are projected lapses of \$11.5 million in the HUSKY B account due mainly to the enacted budget funding the costs for coverage of undocumented children entirely under HUSKY B when the vast majority of the costs are being charged to Medicaid; \$15.0 million in the Substance Use Disorder Waiver Reserve account based on delays in anticipated reinvestments of revenue generated under the waiver; \$2.0 million in Personal Services; \$8.2 million in Temporary Family Assistance; and \$500,000 in the state-funded home care program.
- Technical Education and Career System. A total shortfall of \$13.4 million is forecast including \$3.7 million in Personal Services as well as \$9.7 million in the Other Expenses account as a result of increased costs for utilities as well as unbudgeted increases in special education services, a portion of which was previously funded via expiring federal grants.
- Teachers' Retirement Board. A net shortfall of \$8.23 million is anticipated based on a \$9.8 million shortfall in the Retiree Health account due to significant increases in contractual Medicare Advantage rates beginning January 1, 2025, in part driven by changes mandated under the federal Inflation Reduction Act. Partially offsetting this shortfall are lapses of \$75,000 in the Personal Services account, \$100,000 in the Other Expenses account, and \$1.4 million in the Municipal Retiree Health Insurance Costs account as a result of caseload.
- Department of Correction. A net shortfall of \$39.03 million is forecast, with \$6.0 million in Personal Services, \$18.0 million in the Other Expenses account due to inflation-driven increases in operating expenses, and \$16.5 million in the Inmate Medical account due to increased staffing and pharmaceutical costs. Partially offsetting this shortfall is a forecast lapse of \$1.48 million in the Board of Pardons and Paroles account.
- Judicial Department. A \$9.75 million shortfall is projected with \$3.95 million in the Personal Services account; \$5.7 million in the Other Expenses account, primarily caused by higher-than-expected utilities

and information technology costs; and \$109,000 in the Board and Care for Children – Short-term and Residential account.

- Public Defender Services Commission. A net shortfall of \$458,000 is anticipated based on a \$1.37 million shortfall in Personal Services which is partially offset by a \$914,000 lapse in the Assigned Counsel-Criminal account.
- State Comptroller – Miscellaneous. We estimate \$55.0 million in expenditures for Adjudicated Claims. No appropriation was made in the enacted budget for payment of these claims.
- State Comptroller – Fringe Benefits. A net shortfall of \$88.4 million is anticipated, with \$70.0 million forecast in the Higher Education Alternative Retirement System account primarily due to a change in the accounting treatment for these expenditures, which were originally budgeted as revenue reimbursements but instead will be reflected as expenditures. In addition, a \$37.0 million shortfall is forecast in the Retired State Employees Health Service Cost account, a \$17.0 million shortfall is forecast in the Other Post Employment Benefits account, a \$6.0 million shortfall is projected in the Employers Social Security Tax account, and a shortfall of \$35,000 is forecast in the Pensions and Retirements – Other Statutory account. Partially offsetting those amounts are forecast lapses of \$30.0 million in the State Employees Health Service account, \$7.5 million in the SERS Defined Contribution Match account, \$2.18 million in the State Employees Retirement Contributions account, \$1.0 million in the Unemployment Compensation account, and \$950,000 in the Insurance – Group Life account.

Lapses: P.A. 23-204 included bottom-line savings targets totaling \$182.7 million. We project that aggregate lapses will total \$286.6 million, including \$163.6 million remaining in funds withheld from agencies to achieve the bottom-line savings targets and \$122.0 million in additional lapses in agencies as identified below.

- Office of Legislative Management. A \$5.0 million lapse is projected in the Personal Services account.
- Auditors of Public Accounts. A \$150,000 lapse is projected in the Personal Services account.
- Commission on Women, Children, Seniors, Equity, and Opportunity. A \$200,000 lapse is projected in the Personal Services account.
- Secretary of the State. A \$900,000 lapse is projected in the Personal Services account.
- Elections Enforcement Commission. A \$300,000 lapse is forecast due to lower than budgeted Personal Services costs.
- Office of State Ethics. A \$25,000 lapse is forecast due to lower than budgeted Personal Services costs.
- Freedom of Information Commission. A \$325,000 lapse is forecast due to lower than budgeted Personal Services costs.
- State Treasurer. A \$325,000 lapse is projected in the Personal Services account.
- State Comptroller. A \$297,000 lapse is projected in the Personal Services account.
- Office of Governmental Accountability. A total lapse of \$275,000 is projected with \$200,000 in the Personal Services account and \$75,000 in the Office of the Child Advocate.
- Office of Policy and Management. A total lapse of \$35.19 million is anticipated, with \$3.5 million in the Personal Services account, \$500,000 in the Other Expenses account and \$31.19 million in prior appropriations to the Municipal Restructuring account which are not anticipated to be needed in FY 2025.
- Attorney General. A \$2.8 million lapse is forecast in the Personal Services account.
- Department of Consumer Protection. A \$750,000 lapse is forecast in the Personal Services account.
- Department of Agriculture. A total lapse of \$350,000 is forecast, with \$100,000 in the Personal Services account, \$150,000 in the Senior Food Vouchers account, and \$100,000 in the WIC Coupon Program for Fresh Produce account.
- Department of Aging and Disability Services. A net lapse of \$400,000 is projected based on current spending patterns, with \$150,000 in the Other Expenses account as a result of a budgeted lease being paid by a different agency, \$200,000 in the Educational Aid for Children - Blind or Visually Impaired account, \$150,000 in the Employment Opportunities – Blind & Disabled account, and \$100,000 in the

Special Training for the Deaf Blind account. Partially offsetting these lapses is a projected \$200,000 shortfall in the Personal Services account.

- Department of Education. A net lapse of \$19.63 million is forecast, with \$4.7 million in the Sheff account, \$2.0 million in the Aspiring Educators Diversity Scholarship account based on application volume, \$432,188 in the Charter Schools account as a result of a delay in the opening of the Edmonds Coefield Academy, \$378,000 in the Open Choice account, and \$14.0 million in the Magnet Schools account due to enrollment below budgeted levels. Partially offsetting these lapses are forecast shortfalls of \$1.0 million in the Personal Services account and \$876,000 in the Adult Education account based on preliminary enrollment figures.
- Office of Early Childhood. A net lapse of \$550,000 is anticipated, with lapses of \$450,000 in the Personal Services account and \$1.5 million in the Early Care and Education account which are partially offset by a projected shortfall of \$1.4 million in the Birth to Three account as a result of caseloads.
- Office of Higher Education. A \$175,000 lapse is forecast in the Personal Services account.
- Department of Children and Families. A net lapse of \$2.6 million is anticipated, with \$5.25 million across the Board and Care for Children – Adoption, Foster, and Short-term and Residential accounts, \$1.2 million in the Community Care Coordination account, \$ 200,000 in the No Nexus Special Education account, and \$100,000 in the Juvenile Review Boards account. Partially offsetting these lapses are projected shortfalls of \$2.4 million in Personal Services and \$1.75 million in the Other Expenses account.
- Debt Service – State Treasurer. A total lapse of \$50.59 million is anticipated, with \$37.0 million in the Debt Service appropriation and \$12.2 million in the UConn 2000 - Debt Service account as a result of reduced interest payments compared to budgeted estimates and \$1.39 million in the Municipal Restructuring account as a result of the Fall 2023 refunding sale.
- Workers’ Compensation Claims – Department of Administrative Services. A net lapse of \$1.2 million is anticipated; with a shortfall in the DOC line item which is more than offset by forecast lapses in the remaining accounts.

Note that this month’s General Fund projection continues to reflect the transfer of appropriations totaling \$3.8 million out of the General Fund Reserve for Salary Adjustment and OPM Private Provider accounts into other appropriated funds.

Special Transportation Fund

The adopted budget anticipated a \$68.1 million balance from operations. We currently forecast an operating balance of \$157.5 million, an increase of \$700,000 from last month’s estimate, attributable to a slight decrease in projected expenditure requirements as discussed below. We forecast that the closing STF balance, as of June 30, 2025, after transfers to reduce indebtedness pursuant to section 124 of P.A. 24-151, will be \$569.0 million, or 24.8% of current-year appropriations.

Revenues

Projected revenues remain unchanged from last month and continue to reflect the January 15th consensus forecast.

Expenditures

We forecast that net spending in the Special Transportation Fund will be \$93.4 million below the level in the adopted budget as described below.

Deficiencies:

- Workers’ Compensation Claims – Department of Administrative Services. A \$1.5 million shortfall is anticipated based on current expenditure trends.

Lapses: We project the following lapses, totaling \$105.4 million, will more than satisfy the budgeted bottom-line savings target.

- Department of Administrative Services. A \$600,000 lapse is projected in the Personal Services account.
- Department of Motor Vehicles. A total lapse of \$10.0 million is forecast, with \$8.0 million in the Personal Services account and \$2.0 million in the DMV Modernization account.
- Department of Energy and Environmental Protection. A \$10.0 million lapse is forecast in the Other Expenses account as a result of a budgeted commercial electric vehicle voucher program which is not anticipated to begin this year.
- Department of Transportation. A net lapse of \$2.43 million is projected based on a \$12.68 million forecast to lapse in the Personal Services account, which is partially offset by a forecast shortfall of \$10.25 million in the Other Expenses account as a result of higher than anticipated costs for information technology, electricity, highway supplies, and fleet repair.
- Debt Service – State Treasurer. An \$80.0 million lapse is anticipated as a result of debt cost savings with the Fall 2024 sale and from savings achieved by the payoff of outstanding debt from the cumulative balance.
- State Comptroller – Fringe Benefits. A net lapse of \$2.4 million is anticipated based on \$3.5 million in the State Employees Health Service account, \$300,000 in the SERS Defined Contribution Match account, \$100,000 in the Unemployment Compensation account, and \$25,000 in the Insurance – Group Life account. Partially offsetting these forecast lapses are projected shortfalls of \$1.5 million in the Employers Social Security account and \$1.0 million in the Other Post Employment Benefits account.

Note that this month’s Special Transportation Fund projection continues to reflect the transfer of appropriations totaling \$1.4 million from the General Fund Reserve for Salary Adjustment account to the Special Transportation Fund.

As the year progresses, these estimates will undoubtedly be revised to reflect the impact of changes in the economy, expenditure patterns, and/or other factors.

Sincerely,



Jeffrey R. Beckham
Secretary

Attachments:

Summary Statements, FY 2025 Revenue and Expenditures

State of Connecticut
Summary of Changes - FY 2025
General Fund and Special Transportation Fund
Projected to June 30, 2025
As of February 28, 2025
(In Millions)

General Fund

| | | | |
|--|--------|----|--------|
| Balance from Operations - Prior Estimate | | \$ | 390.0 |
| Revenues | | | |
| Transfers to Other Funds | (43.0) | | (43.0) |
| Expenditures | | | |
| Additional Requirements | 1.3 | | |
| Estimated Lapses | 48.1 | | |
| Miscellaneous Adjustments/Rounding | 0.0 | | 49.4 |
| Operating Surplus - FY 2025 | | \$ | 396.4 |

Budget Reserve Fund

| | | | |
|--|---------|----|---------|
| Fund Balance as of June 30, 2024 | | \$ | 5,038.2 |
| Deposit to SERS/TRS Pursuant to Sec. 4-30a, CGS | (933.1) | | |
| Volatility Cap Deposit | 1,403.5 | | |
| FY 2025 Est. Balance from Operations | 396.4 | | 866.8 |
| Estimated Fund Balance - June 30, 2025 | | \$ | 5,905.0 |
| Fund Balance as Percentage of FY 2025 General Fund | | | 25.9% |

Special Transportation Fund

| | | | |
|---|-----|----|---------|
| Fund Balance as of June 30, 2024 | | \$ | 971.9 |
| Transfer to Reduce Indebtedness (P.A. 24-151, Sec. 124) | | | (527.0) |
| Balance from Operations - Prior Estimate | | | 156.8 |
| Revenues | | | |
| No changes | 0.0 | | 0.0 |
| Expenditures | | | |
| Additional Requirements | 0.0 | | |
| Estimated Lapses | 0.7 | | |
| Miscellaneous Adjustments/Rounding | 0.0 | | 0.7 |
| Estimated Fund Balance - June 30, 2025 | | \$ | 602.4 |

State of Connecticut
General Fund
Statement of FY 2025 Revenues, Expenditures, and Results of Operations
Projected to June 30, 2025
As of February 28, 2025
(In Millions)

| | General Assembly Budget Plan ^{1.} | Revised Estimates OPM | Over/ (Under) |
|---|--|-----------------------------|--------------------|
| REVENUE | | | |
| Taxes | \$ 22,502.2 | \$ 23,224.6 | \$ 722.4 |
| Less: Refunds | (2,175.9) | (2,136.9) | 39.0 |
| Taxes - Net | <u>\$ 20,326.3</u> | <u>\$ 21,087.7</u> | <u>\$ 761.4</u> |
| Other Revenue | 1,514.2 | 1,919.7 | 405.5 |
| Other Sources | 1,263.2 | 627.9 | (635.3) |
| TOTAL Revenue | <u>\$ 23,103.7</u> | <u>\$ 23,635.3</u> | <u>\$ 531.6</u> |
| EXPENDITURES | | | |
| Initial Current Year Appropriations | \$ 22,988.6 | \$ 22,988.6 | \$ - |
| Prior Year Appropriations Continued to FY 2025 ^{2.} | | 438.9 | 438.9 |
| TOTAL Initial and Continued Appropriations | <u>\$ 22,988.6</u> | <u>\$ 23,427.5</u> | <u>\$ 438.9</u> |
| Appropriation Adjustments | - | (3.8) | (3.8) |
| TOTAL Adjusted Appropriations | <u>\$ 22,988.6</u> | <u>\$ 23,423.7</u> | <u>\$ 435.1</u> |
| Net Additional Expenditure Requirements | | 539.8 | 539.8 |
| Estimated Appropriations Lapsed | (182.7) | (285.6) | (102.9) |
| Estimated Appropriations to be Continued to FY 2026 ^{2.} | | - | - |
| TOTAL Estimated Expenditures | <u>\$ 22,805.9</u> | <u>\$ 23,677.8</u> | <u>\$ 872.0</u> |
| Net Change in Fund Balance - Continuing Appropriations | | (438.9) | (438.9) |
| Miscellaneous Adjustments/Rounding | | - | - |
| Net Change in Unassigned Fund Balance - 6/30/2025 | \$ 297.8 | \$ 396.4 | \$ 98.5 |

1. P.A. 23-204. Note that CGS Sec. 2-33c limits appropriations to 98.75% of General Fund revenue. As a result, the \$297.8 million budgeted surplus is comprised of \$288.8 million due to this 98.75% limitation, plus an additional \$9.0 million operating surplus.

2. CGS Sec. 4-89 and other statutory provisions. Prior appropriations carried forward to FY 2025 include \$73.5 million from FY 2023 and \$365.4 million from FY 2024.

State of Connecticut
General Fund
FY 2025 Revenue Estimates
Projected to June 30, 2025
As of February 28, 2025
(In Millions)

| | General Assembly Budget Plan ¹ . | Revised Estimates OPM | Over/ (Under) |
|---|---|-----------------------------|-------------------|
| TAXES | | | |
| Personal Income - Withholding | \$ 8,530.4 | \$ 8,889.1 | \$ 358.7 |
| Personal Income - Estimates and Finals | 2,703.0 | 3,273.5 | 570.5 |
| Sales and Use | 5,428.2 | 5,103.5 | (324.7) |
| Corporation | 1,526.5 | 1,560.7 | 34.2 |
| Pass-through Entity Tax | 1,877.3 | 2,059.3 | 182.0 |
| Public Service Corporations | 296.8 | 311.9 | 15.1 |
| Inheritance and Estate | 182.2 | 171.9 | (10.3) |
| Insurance Companies | 266.8 | 301.7 | 34.9 |
| Cigarettes | 262.0 | 244.7 | (17.3) |
| Real Estate Conveyance | 292.6 | 277.6 | (15.0) |
| Alcoholic Beverages | 78.8 | 78.8 | - |
| Admissions and Dues | 31.0 | 39.5 | 8.5 |
| Health Provider Tax | 957.4 | 891.0 | (66.4) |
| Miscellaneous | 69.2 | 21.4 | (47.8) |
| TOTAL - TAXES | \$ 22,502.2 | \$ 23,224.6 | \$ 722.4 |
| Less: Refunds of Taxes | (1,971.9) | (1,932.9) | 39.0 |
| Earned Income Tax Credit | (196.2) | (196.2) | - |
| R & D Credit Exchange | (7.8) | (7.8) | - |
| TOTAL - TAXES - NET | \$ 20,326.3 | \$ 21,087.7 | \$ 761.4 |
| OTHER REVENUE | | | |
| Transfers - Special Revenue | \$ 411.9 | \$ 383.4 | \$ (28.5) |
| Indian Gaming Payments | 286.0 | 308.6 | 22.6 |
| Licenses, Permits, Fees | 330.7 | 330.7 | - |
| Sales of Commodities and Services | 17.8 | 18.0 | 0.2 |
| Rents, Fines, Escheats | 175.2 | 188.8 | 13.6 |
| Investment Income | 201.7 | 593.1 | 391.4 |
| Miscellaneous | 158.0 | 194.3 | 36.3 |
| Refunds of Payments | (67.1) | (97.2) | (30.1) |
| TOTAL - OTHER REVENUE | \$ 1,514.2 | \$ 1,919.7 | \$ 405.5 |
| OTHER SOURCES | | | |
| Federal Grants | \$ 1,886.5 | \$ 1,924.7 | \$ 38.2 |
| Transfer from Tobacco Settlement Fund | (70.4) | 109.4 | 179.8 |
| Transfers From/(To) Other Funds | 106.7 | (2.7) | (109.4) |
| Transfers to BRF - Volatility Adjustment ² . | (659.6) | (1,403.5) | (743.9) |
| TOTAL - OTHER SOURCES | \$ 1,263.2 | \$ 627.9 | \$ (635.3) |
| TOTAL - GENERAL FUND REVENUE | \$ 23,103.7 | \$ 23,635.3 | \$ 531.6 |

1. Sec. 397 of P.A. 23-204.

2. The volatility cap for FY 2025 is \$3,929.3 million. Total revenue from the Estimates and Finals portion of the Personal Income Tax and the Pass-through Entity Tax that exceeds the volatility cap will be deposited into the Budget Reserve Fund.

State of Connecticut - General Fund
FY 2025 Appropriation Adjustments - Net Additional Requirements
Projected to June 30, 2025
As of February 28, 2025

| | |
|--|-----------------------|
| Department of Revenue Services | 477,472 |
| Department of Veterans Affairs | 625,000 |
| Department of Administrative Services | 5,162,120 |
| Department of Emergency Services and Public Protection | 6,165,000 |
| Military Department | 471,500 |
| Department of Labor | 500,000 |
| Commission on Human Rights and Opportunities | 200,000 |
| Department of Housing | 7,000,000 |
| Agricultural Experiment Station | 300,000 |
| Department of Public Health | 2,205,801 |
| Office of Health Strategy | 240,000 |
| Office of the Chief Medical Examiner | 80,000 |
| Department of Developmental Services | 7,661,105 |
| Department of Mental Health and Addiction Services | 32,926,000 |
| Department of Social Services | 261,500,000 |
| Technical Education and Career System | 13,400,000 |
| Teachers' Retirement Board | 8,225,000 |
| Department of Correction | 39,025,000 |
| Judicial Department | 9,752,000 |
| Public Defender Services Commission | 458,000 |
| State Comptroller - Miscellaneous | 55,000,000 |
| State Comptroller - Fringe Benefits | 88,404,398 |
| Total | <u>\$ 539,778,396</u> |

State of Connecticut
General Fund
Estimated FY 2025 Lapses
Projected to June 30, 2025
As of February 28, 2025

| | |
|--|-----------------------|
| Unallocated Lapse | \$ 48,715,570 |
| Unallocated Lapse - Judicial | 5,000,000 |
| Reflect Historical Staffing | 109,900,000 |
| Legislative Management | 5,000,000 |
| Auditors of Public Accounts | 150,000 |
| Commission on Women, Children, Seniors, Equity and Opportunity | 200,000 |
| Secretary of the State | 900,000 |
| Elections Enforcement Commission | 300,000 |
| Office of State Ethics | 25,000 |
| Freedom of Information Commission | 325,000 |
| State Treasurer | 325,000 |
| State Comptroller | 297,000 |
| Office of Governmental Accountability | 275,000 |
| Office of Policy and Management | 35,185,000 |
| Attorney General | 2,800,000 |
| Department of Consumer Protection | 750,000 |
| Department of Agriculture | 350,000 |
| Department of Aging and Disability Services | 400,000 |
| Department of Education | 19,634,188 |
| Office of Early Childhood | 550,000 |
| Office of Higher Education | 175,000 |
| Department of Children and Families | 2,600,000 |
| Debt Service - State Treasurer | 50,591,682 |
| Workers' Compensation Claims - DAS | 1,200,000 |
| Total | <u>\$ 285,648,440</u> |

State of Connecticut
FY 2025 General Fund
Monthly Summary of Operations
(In Millions)

| | Budget Plan ¹ | July 2024 | August 2024 | September 2024 | October 2024 | November 2024 | December 2024 | January 2025 | February 2025 | March 2025 | April 2025 | May 2025 | June 2025 |
|----------------------------------|-----------------------------|--------------|----------------|-------------------|-----------------|------------------|------------------|-----------------|------------------|---------------|---------------|-------------|--------------|
| REVENUE | \$ 23,103.7 | \$ 23,252.3 | \$ 23,271.4 | \$ 23,271.4 | \$ 23,379.9 | \$ 23,379.9 | \$ 23,678.3 | \$ 23,678.3 | \$ 23,635.3 | | | | |
| Appropriations | 22,988.6 | 22,984.8 | 22,984.8 | 22,984.8 | 22,984.8 | 22,984.8 | 22,984.8 | 22,984.8 | 22,984.8 | | | | |
| Additional Requirements | 0.0 | 368.1 | 391.9 | 430.3 | 442.5 | 462.2 | 499.2 | 541.0 | 539.8 | | | | |
| Less: Estimated Lapses | (182.7) | (213.8) | (214.4) | (214.9) | (237.7) | (245.9) | (248.7) | (237.5) | (285.6) | | | | |
| TOTAL - Estimated Expenditures | 22,805.9 | 23,139.1 | 23,162.2 | 23,200.2 | 23,189.6 | 23,201.1 | 23,235.3 | 23,288.3 | 23,238.9 | 0.0 | 0.0 | 0.0 | 0.0 |
| Operating Balance | 297.8 | 113.2 | 109.2 | 71.2 | 190.3 | 178.8 | 443.0 | 390.0 | 396.4 | 0.0 | 0.0 | 0.0 | 0.0 |
| Misc. Adjustments/Rounding | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | | | | |
| Est. Operating Balance - 6/30/25 | \$297.8 | \$113.2 | \$109.2 | \$71.2 | \$190.3 | \$178.8 | \$443.0 | \$390.0 | \$396.4 | \$0.0 | \$0.0 | \$0.0 | \$0.0 |

1. P.A. 23-204.

State of Connecticut
Special Transportation Fund
Analysis of FY 2025 Budget Plan
Projected to June 30, 2025
As of February 28, 2025
(In Millions)

| | General Assembly <u>Budget Plan</u> ¹ : | Revised Estimates <u>OPM</u> | Over/ <u>(Under)</u> |
|--|--|------------------------------------|-------------------------|
| Fund Balance as of June 30, 2024 | | \$ 971.9 | |
| Transfer to Reduce Indebtedness ² : | | (527.0) | |
| REVENUE | | | |
| Taxes | \$ 1,947.7 | \$ 1,905.2 | \$ (42.5) |
| Less: Refunds of Taxes | <u>(16.6)</u> | <u>(11.3)</u> | <u>5.3</u> |
| Taxes - Net | 1,931.1 | 1,893.9 | (37.2) |
| Other Revenue | <u>423.4</u> | <u>459.5</u> | <u>36.1</u> |
| TOTAL - Revenue | \$ 2,354.5 | \$ 2,353.4 | \$ (1.1) |
| EXPENDITURES | | | |
| Appropriations | \$ 2,298.4 | \$ 2,298.4 | \$ - |
| Prior Year Appropriations Continued to FY 2025 ³ : | | <u>150.0</u> | <u>150.0</u> |
| TOTAL Initial and Continued Appropriations | \$ 2,298.4 | \$ 2,448.4 | \$ 150.0 |
| Appropriation Adjustments | <u>-</u> | <u>1.4</u> | <u>1.4</u> |
| TOTAL Adjusted Appropriations | \$ 2,298.4 | \$ 2,449.8 | \$ 151.5 |
| Net Additional Expenditure Requirements | | 1.5 | 1.5 |
| Estimated Appropriations Lapsed | (12.0) | (105.4) | (93.4) |
| Estimated Appropriations to be Continued to FY 2026 ³ : | | <u>-</u> | <u>-</u> |
| TOTAL Estimated Expenditures | \$ 2,286.4 | \$ 2,345.9 | \$ 59.5 |
| Net Change in Fund Balance - Continuing Appropriations | | (150.0) | (150.0) |
| Miscellaneous Adjustments/Rounding | | - | - |
| Net Change in Unassigned Fund Balance - FY 2025 | \$ 68.1 | \$ 157.5 | \$ 89.4 |
| Estimated Fund Balance - June 30, 2025 | | <u>\$ 602.4</u> | |

1. P.A. 23-204. Note that CGS Sec. 2-33c limits appropriations to 98.75% of Special Transportation Fund revenue. As a result, the \$68.1 million budgeted surplus is comprised of \$29.4 million due to this limitation, plus an additional \$38.7 million operating surplus.

2. P.A. 24-151, Sec. 124 provides for the portion of the STF fund balance that exceeds 18% of FY 2025 appropriations to be transferred to reduce STO indebtedness.

3. CGS Sec. 4-89 and other statutory provisions.

State of Connecticut
Special Transportation Fund
FY 2025 Revenue Estimates
Projected to June 30, 2025
As of February 28, 2025
(In Millions)

| | General Assembly Budget Plan ¹ | Revised Estimates OPM | Over/ (Under) |
|--|---|-----------------------------|------------------|
| TAXES | | | |
| Motor Fuels | \$ 506.7 | \$ 510.7 | \$ 4.0 |
| Oil Companies | 357.2 | 336.7 | (20.5) |
| Sales & Use Tax | 883.2 | 879.2 | (4.0) |
| Sales Tax DMV | 106.5 | 117.8 | 11.3 |
| Highway Use | 94.1 | 60.8 | (33.3) |
| TOTAL - TAXES | <u>1,947.7</u> | <u>1,905.2</u> | <u>(42.5)</u> |
| Less: Refunds of Taxes | (16.6) | (11.3) | 5.3 |
| TOTAL - TAXES - NET | <u>\$ 1,931.1</u> | <u>\$ 1,893.9</u> | <u>\$ (37.2)</u> |
| OTHER REVENUE | | | |
| Motor Vehicle Receipts | \$ 255.4 | \$ 280.6 | \$ 25.2 |
| Licenses, Permits, Fees | 126.1 | 133.9 | 7.8 |
| Interest Income | 51.0 | 63.6 | 12.6 |
| Federal Grants | 8.1 | 5.2 | (2.9) |
| Transfers (To)/From Other Funds | (13.5) | (13.5) | - |
| Refunds of Payments | (3.7) | (10.3) | (6.6) |
| TOTAL - OTHER REVENUE | <u>\$ 423.4</u> | <u>\$ 459.5</u> | <u>\$ 36.1</u> |
| TOTAL - SPECIAL TRANSPORTATION FUND REVENUE | <u>\$ 2,354.5</u> | <u>\$ 2,353.4</u> | <u>\$ (1.1)</u> |

1. Sec. 398 of P.A. 23-204.

Statement 3T
March 20, 2025

State of Connecticut
Special Transportation Fund
FY 2025 Appropriation Adjustments - Net Additional Requirements
Projected to June 30, 2025
As of February 28, 2025

| | |
|------------------------------------|---------------------|
| Workers' Compensation Claims - DAS | \$ 1,500,000 |
| Total | <u>\$ 1,500,000</u> |

State of Connecticut
Special Transportation Fund
FY 2025 Estimated Lapses
Projected to June 30, 2025
As of February 28, 2025

| | |
|---|-----------------------|
| Unallocated Lapse | \$ - |
| Department of Administrative Services | 600,000 |
| Department of Motor Vehicles | 10,000,000 |
| Department of Energy and Environmental Protection | 10,000,000 |
| Department of Transportation | 2,426,000 |
| Debt Service - State Treasurer | 80,000,000 |
| State Comptroller - Fringe Benefits | 2,400,000 |
| Total | <u>\$ 105,426,000</u> |

State of Connecticut
FY 2025 Special Transportation Fund
Monthly Summary of Operations
(In Millions)

| | Budget Plan ¹ . | July 2024 | August 2024 | September 2024 | October 2024 | November 2024 | December 2024 | January 2025 | February 2025 | March 2025 | April 2025 | May 2025 | June 2025 |
|-------------------------------------|-------------------------------|--------------|----------------|-------------------|-----------------|------------------|------------------|-----------------|------------------|---------------|---------------|-------------|--------------|
| Beginning Balance ² . | \$ 411.6 | \$ 411.6 | \$ 411.6 | \$ 411.6 | \$ 411.6 | \$ 411.6 | \$ 411.6 | \$ 411.6 | \$ 444.9 | | | | |
| Revenue | 2,354.5 | 2,410.5 | 2,410.5 | 2,410.5 | 2,356.3 | 2,353.4 | 2,353.4 | 2,353.4 | 2,353.4 | | | | |
| Total Available | 2,766.1 | 2,822.1 | 2,822.1 | 2,822.1 | 2,767.9 | 2,765.0 | 2,765.0 | 2,765.0 | 2,798.3 | 0.0 | 0.0 | 0.0 | 0.0 |
| Appropriations | 2,298.4 | 2,299.8 | 2,299.8 | 2,299.8 | 2,299.8 | 2,299.8 | 2,299.8 | 2,299.8 | 2,299.8 | | | | |
| Additional Requirements | 0.0 | 0.3 | 0.3 | 0.0 | 2.0 | 1.5 | 1.5 | 1.5 | 1.5 | | | | |
| Less: Estimated Lapses | (12.0) | (16.0) | (17.0) | (20.9) | (94.5) | (106.0) | (106.9) | (104.8) | (105.4) | | | | |
| TOTAL - Estimated Expenditures | 2,286.4 | 2,284.1 | 2,283.1 | 2,278.9 | 2,207.3 | 2,195.3 | 2,194.4 | 2,196.6 | 2,195.9 | 0.0 | 0.0 | 0.0 | 0.0 |
| Operating Balance | 68.1 | 126.4 | 127.4 | 131.6 | 149.0 | 158.1 | 159.0 | 156.8 | 157.5 | 0.0 | 0.0 | 0.0 | 0.0 |
| Misc. Adjustments/Rounding | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | | | | |
| Estimated Operating Balance 6/30/25 | \$479.7 | \$538.0 | \$539.0 | \$543.1 | \$560.6 | \$569.7 | \$570.6 | \$568.4 | \$602.4 | \$0.0 | \$0.0 | \$0.0 | \$0.0 |

1. P.A. 23-204.

2 Estimated by the Office of Policy and Management after transfers to reduce STO debt pursuant to P.A. 24-151, Sec. 124. February estimate reflects final FY 2024 balance less updated transfer estimate.