INFORMATION STATEMENT OF THE
STATE OF CONNECTICUT

FEBRUARY 15, 2025

This Information Statement of the State of Connecticut (the "State") contains information through February 15, 2025. The State expects to include this Information Statement in its Official Statements for securities offerings as a "Part II" and has numbered the pages accordingly. The State expects to update this Information Statement from time to time with supplementary information in connection with such offerings, but except as expressly noted all information is as of February 15, 2025. Such updates are expected to include certain interim financial information prepared on a statutory basis but are not expected to include interim financial information prepared in accordance with GAAP.

The State's audited financial statements for the fiscal year ended June 30, 2024 prepared using the guidance of Generally Accepted Accounting Principles in the United States ("GAAP") and as prescribed by the Government Accounting Standards Board ("GASB") which ordinarily would be included herein as **Appendix II-C**, have not yet been completed and released. The State will refile this Information Statement with **Appendix II-C** when such financial statements are released. Information ordinarily included herein using such financial statements is also blank and will be included in the refiled Information Statement.

Information of interest to investors may also be posted on the State's investor relations website at www.buyctbonds.gov. Reference to such website is presented herein for informational purposes only. Such website and the information or links contained therein are not incorporated herein.

This Information Statement is updated from time to time to replace certain stale information with new information and to add supplementary information in connection with the State's general obligation bond offerings. These updates are indicated by shading such information as exemplified by this paragraph. Information not highlighted continues to speak as of February 15, 2025.

This Information Statement and any appendices attached hereto should be read collectively and in their entirety.

This Information Statement may be obtained electronically at www.buyctbonds.gov or by contacting the Office of the State Treasurer, Attn.: Assistant Treasurer for Debt Management, 165 Capitol Avenue, Hartford, Connecticut 06106, (860) 702-3288.

Constitutional Elected Officers

Governor	**Edward ("Ned") Miner Lamont, Jr.**
Lieutenant Governor	**Susan Bysiewicz**
Secretary of the State	**Stephanie Thomas**
Treasurer	**Erick Russell**
Comptroller	**Sean Scanlon**
Attorney General	**William Tong**

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FORWARD-LOOKING INFORMATION AND BONDHOLDER CONSIDERATIONS

This Information Statement and its appendices attached hereto include "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Without limiting the foregoing, the words "may," "believe," "could," "might," "possible," "potential," "project," "will," "should," "expect," "intend," "plan," "predict," "anticipate," "estimate," "approximate," "contemplate," "continue," "target," "goal" and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these words. All forward-looking statements included in this Information Statement and its appendices are based on information available to the State up to the date as of which such statements are to be made, or otherwise up to, and including, the date of this document, and the State assumes no obligation to update any such forward-looking statements to reflect events or circumstances that arise after the date hereof or after the date of any report containing such forward-looking statement, as applicable. Actual results could differ materially from those anticipated in these forward-looking statements as a result of certain important factors, including, but not limited to (i) the effect of and from, future federal budgetary matters, including federal grants and other forms of financial aid to the State; (ii) action or inaction by the U.S. Congress on issues associated with the federal debt limit, federal appropriations and continuity of federal operations; (iii) federal tax policy, including the deductibility of state and local taxes for federal tax purposes; (iv) macroeconomic, economic and business developments, both for the country as a whole and particularly affecting the State; (v) future energy costs; (vi) health care related matters including Medicaid reimbursements; (vii) federal defense spending; (viii) financial services industry developments; (ix) litigation or arbitration; (x) climate and weather related developments, natural disasters and other acts of God; (xi) changes in retirement rates, inflation rates, interest rates, increases in health care costs, longevity rates and other factors used in estimating future obligations of the State, among others; (xii) the effects of epidemics and pandemics, including economic effects; (xiii) foreign hostilities or wars; (xiv) foreign or domestic terrorism or domestic violent extremism; (xv) disruptions to the State's technology network including computer systems and software and (xvi) other factors contained in this Information Statement and its appendices. Investors should carefully review all of the factors.

INTRODUCTION

This Information Statement of the State of Connecticut (the "State") contains certain information that a potential investor might consider material in reaching a decision to invest in securities of the State. Quotations from and summaries and explanations of provisions of laws of the State contained in this Information Statement do not purport to be complete and are qualified in their entirety by reference to such provisions of law. This Information Statement and any appendices attached hereto should be read collectively and in their entirety.

The information included in this Information Statement is organized as follows:

Financial Procedures discusses the legal and administrative processes, procedures, controls and policies that generally apply to all State funds.

State General Fund discusses the State's General Fund, which is the source of financing for most operating activity of the State. The discussion includes both prospective and historical information about the General Fund. Additional information regarding General Fund activity is included in **Appendices II-C, II-D and II-E** to this Information Statement.

State Debt describes the procedures for the authorization to incur State debt and the various ways in which the State may borrow funds to finance State functions and capital projects. This section provides both current and historical information about the State's borrowing practices and State indebtedness.

Other Funds, Debt and Liabilities provides an overview of certain obligations of the State that are not accounted for in the General Fund but that are contingent liabilities of the State. Certain additional information regarding these other funds, debt and liabilities of the State is included in **Appendix II-C** to this Information Statement.

Pension and Retirement Systems describes the major pension and retirement systems of the State. Additional information regarding these systems is included in **Appendix II-C** to this Information Statement.

Climage Change and Environmental Matters describes the impact of climate change on the State and the actions the State is taking to improve sustainability and resiliency to deal with climate impacts and PFAS.

Litigation comprises a summary of pending legal actions in which the fiscal impact of an adverse decision may not be determined at this time and the Attorney General is unable to opine that a final judgment against the State in such suits would not materially adversely affect the State's financial position.

Other Matters includes additional matters that do not fall within the other headings.

Appendices II-A through II-E to this Information Statement contain detailed information relating to the information summarized in the Information Statement and should be read in their entirety. **Appendix II-A** provides information concerning the organization of the State government and services. **Appendix II-B** provides information about the State's economy. **Appendices II-C and II-D** provide financial statements of the State. **Appendix II-E** provides additional budgetary and financial information.

The State's fiscal year begins on July 1 and ends on June 30. References to "Fiscal Year" throughout this Information Statement refer to the referenced fiscal year ending June 30. For example, Fiscal Year 2025 refers to the fiscal year beginning July 1, 2024 and ending June 30, 2025.

References herein to "CGS" refer to the Connecticut General Statutes.

FINANCIAL PROCEDURES

The State has in place a number of constitutional provisions, statutes, regulations and administrative policies and procedures that bear on fiscal management and accountability. These include provisions that limit debt and expenditures and provisions that lay out a sequence for planning future budgets, the development and adoption of a biennial budget and the monitoring of the State's financial position against the current budget. Taken as a whole, the State believes these provisions provide budgetary discipline, financial controls and forecasting and monitoring resulting in sound fiscal management and accountability. These provisions include the following elements, each of which is explained in more detail in the text that follows:

Budget Discipline	***Balanced Budget Requirement***	The State Constitution provides that the General Assembly may not authorize general budget expenditures in excess of estimated revenues. State law requires that total net appropriations for each fund shall not exceed estimated revenues for such fund.
Financial Controls	***Spending Cap***	The General Assembly is prohibited by the State Constitution from increasing expenditures from year to year by a percentage exceeding the greater of the percentage increase in personal income or the percentage increase in inflation, with certain exceptions.
Budget Discipline	***Biennial Budget***	By statute, the State budget covers a two year period and the power to propose, enact and implement such budget rests with the Governor and General Assembly.
Budget Discipline	***Line-Item Veto***	Under the State Constitution, the Governor has the power to veto any line of any itemized appropriations bill while at the same time approving the remainder of the bill.
Financial Controls	***Debt Limit***	By statute, the State may not authorize general obligation debt in excess of 1.6 times General Fund tax receipts, subject to statutory exceptions. The Treasurer certifies as to the debt limit in connection with each authorization of debt by the General Assembly and the State Bond Commission. In addition, there are additional issuance limits imposed on the Treasurer.
Forecasting and Monitoring	***Regular Revenue Forecasting, Monitoring of Fiscal Progress and Multiple-Year Planning Tools***	By statute, monthly reports are required from the Comptroller and the Office of Policy and Management, and periodic reports from other governmental entities, including the legislature's Office of Fiscal Analysis.
Financial Controls	***Rescission Authority and Deficit Mitigation***	By statute, the Governor is required to propose mitigation plans should projections indicate a General Fund deficit greater than 1% of total General Fund appropriations. The Governor is authorized to reduce allotments up to 5% of any appropriation, but not to exceed 3% of any fund and to make further reductions with legislative approval.
Budget Discipline	***Budget Reserve Fund***	There exists both a constitutional and a statutory regime for funding the Budget Reserve Fund.
Financial Controls	***GAAP Based Budgeting***	By statute, the State has transitioned from the use of a modified cash basis of accounting to the application of Generally Accepted Accounting Principles, as prescribed by the Government Accounting Standards Board.
Budget Discipline	***Bond Covenant***	By statute, the State is required to covenant with bondholders to follow financial disciplines and controls.

The Budgetary Process

Balanced Budget Requirement and Spending Cap. The State Constitution provides that the amount of general budget expenditures authorized for any fiscal year may not exceed the estimated amount of revenue for such fiscal year. The Constitution also precludes the General Assembly from authorizing an increase in general budget expenditures for any fiscal year above the amount of general budget expenditures authorized for the previous fiscal year by a percentage that exceeds the greater of the percentage increase in personal income or the percentage increase in inflation. This limit may be overridden if the Governor declares an emergency or the existence of extraordinary circumstances and at least three fifths of the members of each house of the General Assembly vote to exceed such limit for the purposes of such emergency or extraordinary circumstances. The constitutional limitation on general budget expenditures does not include expenditures for the payment of bonds, notes or other evidences of indebtedness. There is no statutory or constitutional prohibition against bonding for general budget expenditures.

In addition to the exclusion of debt service from the budget cap, by statute there are also excluded expenditures of any federal funds granted to the State or its agencies; expenditures to implement federal mandates and court orders in the first fiscal year in which such expenditures are authorized; expenditures for federal programs in which the State is participating for which the State received federal matching funds in the first fiscal year in which such expenditures are authorized; and for Fiscal Years 2018 through 2026, payments for a portion of the teachers' pension contributions. In addition, a base year adjustment is made in any fiscal year in which an expenditure item is moved on or off budget.

In addition to the above limitations on the authorization of general budget expenditures, the General Assembly is prohibited from authorizing General Fund and Special Transportation Fund appropriations for any fiscal year that, in the aggregate, exceed 98.75% of the estimated revenues included in a budget act. The General Assembly may, however, authorize appropriations exceeding such percentage if (i) the Governor declares an emergency or the existence of extraordinary circumstances and at least three-fifths of the members of each house of the General Assembly vote to exceed such percentage for the purposes of such emergency or extraordinary circumstances and such appropriation is for the fiscal year in progress only or (ii) if each house of the General Assembly approves by majority vote any such appropriation for purposes of an adjusted appropriation and revenue plan. This is referred to as the "revenue cap". See **STATE DEBT – Statutory Provisions – *Bond Covenant*** herein.

Biennium Budget. The State's fiscal year begins on July 1 and ends on June 30. The CGS require that the budgetary process be on a biennium basis. The Governor is required to transmit a budget document to the General Assembly in February of each odd-numbered year setting forth the financial program for the ensuing biennium with a separate budget for each of the two fiscal years and a report that sets forth estimated revenues and expenditures for the three fiscal years after the biennium to which the budget document relates. In each even-numbered year, the Governor must prepare a report on the status of the budget enacted in the previous year with any recommendations for adjustments and revisions, and a report, with revisions, if any, that sets forth estimated revenues and expenditures for the three fiscal years after the biennium in progress.

Preparation of the Budget. Formulation of the budget document commences with the preparation of estimates of expenditure requirements for each fiscal year of the next biennium by the administrative head of each budgeted agency. These estimates are submitted on or before September 1 of each even-numbered year to the Office of Policy and Management ("OPM") and to the joint legislative standing committee on appropriations and the committee having cognizance of matters relating to such budgeted agency. On or before September 1 of each odd-numbered year, each agency submits its recommended adjustments or revisions of such estimates. A detailed statement showing revenue and estimated revenue for the current fiscal year and estimated revenue for the next fiscal year, and in the even-numbered year, for the next biennium, must also be submitted by such agency heads to OPM on or before September 1 and to the joint legislative standing committee on finance, revenue and bonding on or before November 15. Upon receipt of such agency reports, it is OPM's practice to prepare a preliminary budget report that forms the basis of the Governor's budget document.

Budget Document. The Governor's budget document is published and transmitted to the General Assembly in February of each odd-numbered year. In even-numbered years, on the day the General Assembly first convenes, the Governor submits a report summarizing recommended adjustments or revisions to the budget document. By statute, the budget document must contain the Governor's budget message, the Governor's program for meeting the expenditure needs of the State, as well as financial statements detailing the condition of State debt, the financial position of all major State operating funds, recommended appropriations and State revenues on an actual basis for the last completed fiscal year and on an estimated basis for the fiscal year in progress and the fiscal years to which the budget relates. The Governor also will recommend the manner in which any deficit will be addressed or any surplus used.

Adoption of the Budget. Following publication and presentation of the budget document to the General Assembly, the Governor or a representative then appears before the appropriate committee of the General Assembly to explain and address questions concerning the budget document or related reports. Prior to June 30 of each odd-numbered year, the General Assembly enacts legislation making appropriations for the next two fiscal years and setting forth revenue estimates for those years.

Line-Item Veto. Under the State Constitution, the Governor has the power to veto any line of any itemized appropriations bill while at the same time approving the remainder of the bill. The General Assembly may separately reconsider and repass such disapproved appropriation items by a two thirds vote of each house.

Statutory Debt Limit. In addition to the biennial budget, the General Assembly also authorizes a variety of types of debt. CGS Section 3-21 provides that no bonds, notes or other evidences of indebtedness for borrowed money payable from General Fund tax receipts of the State shall be authorized by the General Assembly or issued except as shall not cause the aggregate amount of (1) the total amount of bonds, notes or other evidences of indebtedness payable from General Fund tax receipts authorized by the General Assembly but which have not been issued and (2) the total amount of such indebtedness that has been issued and remains outstanding, to exceed 1.6 times the total estimated General Fund tax receipts of the State for the fiscal year in which any such authorization will become effective or in which such indebtedness is issued, as estimated for such fiscal year by the joint standing committee of the General Assembly having cognizance of finance, revenue and bonding. However, in computing the aggregate amount of indebtedness at any time, there are certain statutory exclusions and deductions. In addition, the Treasurer may not issue general obligation bonds or notes pursuant to CGS Section 3-20 or credit revenue bonds pursuant to CGS Section 3-20j that exceed in the aggregate $2.4 billion in any fiscal year, subject to certain exclusions and inflationary adjustments, and the State Bond Commission may not authorize bond issuances or credit revenue bond issuances of more than $2.4 billion in any fiscal year, subject to certain exclusions and inflationary adjustments. See STATE DEBT – Statutory Provisions – *Bond Covenant* herein.

Consensus Revenue Estimates. OPM and the legislature's Office of Fiscal Analysis ("OFA") are required by statute to issue consensus revenue estimates each year by November 10. The estimates must cover a five-year period that includes the current biennium and the three following fiscal years. It also requires the two offices, by January 15 and April 30 each year, to issue either (1) a consensus revision of their previous estimate or (2) a statement that no revision is needed. If the two agencies cannot arrive at a consensus estimate, they must issue separate ones. In such a case, the Comptroller must issue the consensus estimate based upon the separate estimates. The Comptroller's estimate must equal one of the separate estimates or fall between the two.

Fiscal Accountability Report. By statute, by November 20 annually, the Secretary of OPM and the Director of OFA each submit the following to the joint standing committees of the General Assembly having cognizance of matters relating to appropriations and the budgets of State agencies and to finance, revenue and bonding: (1) for the current biennium and the next ensuing three fiscal years, an estimate of State revenues, the level of expenditure change from current year expenditures allowable by consensus revenue estimates in each fund, any changes to current year expenditures necessitated by fixed cost drivers, and the aggregate changes to current year expenditures required to accommodate fixed cost drivers without exceeding the current revenue estimate; (2) the projected tax credits to be used in the current biennium and the next ensuing three fiscal years and the assumptions on which such projections are based; (3) a summary of any estimated deficiencies in the current fiscal year, the reasons for such deficiencies and the assumptions upon which such estimates are based; (4) the projected balance in the Budget Reserve Fund at the end of each uncompleted fiscal year of the current biennium and the next ensuing three fiscal years; (5) the projected bond authorizations, allocations and issuances in each of the next ensuing five fiscal years and their impact on the debt service of the major funds of the State; (6) an analysis of revenue and expenditure trends and of the major cost drivers affecting State spending, including identification of any areas of concern and efforts undertaken to address such areas, including efforts to obtain federal funds; and (7) an analysis of possible uses of surplus funds, including the Budget Reserve Fund, debt retirement and funding of pension liabilities. By December 15 annually, the legislative committees then meet with the Secretary of OPM and the Director of OFA to consider the submitted reports.

Financial Controls

Expenditures. The financial control procedures utilized by the State are described below and may be generally summarized as follows: the legislature must appropriate funds for a particular purpose; such funds must then be allotted for such purpose by the Governor; and thereafter such funds are encumbered by the Comptroller upon the request of the responsible State agency. Once this appropriation, allotment and encumbrance procedure (which may be modified as described below) has been completed, State funds are paid by the Treasurer upon a warrant, draft or order of the Comptroller drawn at the request of the responsible agency. Certain receivables from the federal government or other sources do not require allotment by the Governor.

Governor's Role in Expenditure Control. Before an appropriation for a budgeted agency becomes available for expenditure, the agency must submit to the Governor not less than 20 days before the beginning of the fiscal year for which the appropriation is made, a requisition for the allotment of funds needed for each quarter of the fiscal year. Appropriations for capital outlays may be allotted in any manner the Governor deems advisable. The Governor may reduce the budget allotment request by not more than three percent of the total appropriation from any fund or not more than five percent of any appropriation under certain circumstances. Such allotments are subject to further modification by the Governor throughout the course of the fiscal year if conditions warrant.

If the cumulative monthly financial statement issued by the Comptroller indicates a projected General Fund deficit greater than 1% of the total of General Fund appropriations, the Governor is required, within thirty days of such statement date, to file a report with the joint standing committees of the General Assembly on appropriations and on finance, revenue and bonding. The report must include a plan to be implemented by the Governor to modify agency allotments to the extent necessary to prevent a deficit. The Governor is not authorized to reduce allotment requisitions or allotments in force concerning aid to municipalities or any budgeted agency of the legislative or judicial branch, except that the Governor may propose an aggregate allotment reduction of a specified amount for the legislative or judicial branch.

In addition, the Governor shall not approve allotment requisitions that would result in the issuance of general obligation bonds or notes pursuant to CGS Section 3-20 or credit revenue bonds pursuant to CGS Section 3-20j that exceed in the aggregate $2.4 billion in any fiscal year, subject to certain exclusions and inflationary adjustments.

Comptroller's Role in Expenditure Control. The Comptroller is responsible for keeping an account in connection with each appropriation. No warrant, draft or order may be issued by the Comptroller in excess of the available balance of the applicable account unless the General Assembly has passed a deficiency bill for the purpose or unless such appropriation has been increased by the Governor in the limited circumstances of emergency expenditures or allotment modifications. The Comptroller is required to issue cumulative monthly financial reports concerning the State General Fund to the Governor on or before the first day of the following month. OPM provides estimates to the Comptroller by the twentieth day of each month of the revenues and expenditures for the current fiscal year for use by the Comptroller in preparing the Comptroller's monthly report.

Treasurer's Role in Expenditure Control. The Treasurer is required to honor all warrants, drafts and orders properly drawn by the Comptroller. Payments of principal or interest of State bonds and payments of interest on funds held by the Treasurer on which the Treasurer is required to pay interest do not require specific appropriations.

Use of Appropriations; Unexpended Appropriations. No appropriation or part thereof may be used for any purpose other than for the purpose for which it was made, except with respect to certain transfers and revisions of appropriations permitted to be made by the Governor with the concurrence of the Finance Advisory Committee, composed of members of the executive and legislative departments. All unexpended balances of appropriations for each fiscal year lapse on the last day of such fiscal year and revert to the unappropriated surplus of the fund from which the appropriations were made, except for certain continuing appropriations.

Unappropriated Surplus – Budget Reserve Fund. The State Constitution provides that any unappropriated surplus shall be used to fund a Budget Reserve Fund, to reduce bonded indebtedness or for any other purpose authorized by at least three-fifths of each house of the General Assembly. CGS 4-30a is the statutory provision that implements this constitutional provision. In 2017 and again in 2023, the General Assembly, by a three-fifths vote of each house, restructured the funding and use of the Budget Reserve Fund. All revenue in excess of $3.15 billion received by the State each fiscal year from estimated and final payments of the personal income tax imposed under Chapter 229 of the CGS and the pass-through entity tax is to be transferred by the Treasurer to the Budget Reserve Fund. After Fiscal Year 2017, the $3.15 billion amount has been subject to annual adjustment by the compound annual growth rate of personal income in the State over the preceding five calendar years. Such amount is further subject to amendment by a vote of at least three-fifths of the members of each house of the General Assembly due to changes in State or federal tax law or policy or significant adjustments to economic growth or tax collections. For Fiscal Year 2025 the adjusted amount stood at $3.929 billon. The Treasurer is also required to transfer any unappropriated surplus in the General Fund to the Budget Reserve Fund, unless otherwise directed by law.

Prior to July 1, 2024, amounts in excess of 15% of the net General Fund appropriations for a fiscal year were transferred in varying amounts to the State Employees' Retirement System and the Teachers' Retirement System. On and after July 1, 2024, whenever the amount in the Budget Reserve Fund equals 15% or more but less than 18% of the net General Fund appropriations for the current fiscal year, (i) 50% of the amount of such surplus in excess of that transferred to the Budget Reserve Fund shall be transferred to said fund, to a maximum amount in said fund of 18% of the net General Fund appropriations for the current fiscal year, and (ii) 50% of the amount of such surplus shall be deemed to be appropriated, as selected by the Treasurer in the best interests of the State, to (I) the State Employees Retirement Fund, in addition to the contributions required pursuant to CGS Section 5-156a, but not exceeding 5% of the unfunded past service liability of the State Employees Retirement System as set forth in the most recent actuarial valuation certified by the State Employee Retirement Commission, or (II) the Teachers' Retirement Fund, in addition to the payments required pursuant to CGS Section 10-183z, but not exceeding 5% of the unfunded past service liability of the Teachers' Retirement System as set forth in the most recent actuarial valuation prepared for the Teachers' Retirement Board. On and after July 1, 2024, whenever the amount in the Budget Reserve Fund equals 18% of the net General Fund appropriations for the current fiscal year, no further transfers shall be made by the Treasurer to the Budget Reserve Fund and the amount of such funds in excess of that transferred to said fund shall be deemed to be appropriated, as selected by the Treasurer in the best interests of the State, to (i) the State Employees Retirement Fund, in addition to the contributions required pursuant to CGS Section 5-156a, but not exceeding 5% of the unfunded past service liability of the State Employees Retirement System as set forth in the most recent actuarial valuation certified by the State Employee Retirement Commission, or (ii) the Teachers' Retirement Fund, in addition to the payments required pursuant to CGS Section10-183z, but not exceeding 5% of the unfunded past service liability of the Teachers' Retirement System as set forth in the most recent actuarial valuation prepared for the Teachers' Retirement Board. For management and accounting purposes, the State treats funds that would be transferred to the Budget Reserve Fund but for the 15% cap, as being transferred to the Budget Reserve Fund and then withdrawn after the end of the fiscal year and applied as per the statute.

Any surplus in excess of the amounts transferred to the Budget Reserve Fund and the State Employees' Retirement System or the Teachers' Retirement System, as applicable, shall be deemed to be appropriated for: (1) redeeming prior to maturity any outstanding indebtedness of the State selected by the Treasurer in the best interests of the State; (2) purchasing outstanding indebtedness of the State in the open market at such prices and on such terms and conditions as the Treasurer shall determine to be in the best interests of the State for the purpose of extinguishing or defeasing such debt; (3) providing for the defeasance of any outstanding indebtedness of the State selected by the Treasurer in the best interests of the State by irrevocably placing with an escrow agent in trust an amount to be used solely for, and sufficient to satisfy, scheduled payments of both interest and principal on such indebtedness; (4) making additional payments towards unfunded past service liability of the State Employees Retirement System or of the Teachers' Retirement System, as selected by the Treasurer in the best interests of the State; or (5) any combination of these methods.

Whenever the amount in the Budget Reserve Fund equals or exceeds 5% of the net General Fund appropriations for the current fiscal year, the General Assembly may transfer funds in excess of the 5% threshold from the Budget Reserve Fund, for the purpose of paying unfunded past service liability of the State Employees' Retirement Fund or the Teachers' Retirement Fund, as the General Assembly, in consultation with the Treasurer, determines to be in the best interests of the State.

Whenever in any fiscal year the Comptroller has determined that there is a deficit with respect to the immediately preceding fiscal year, to the extent necessary, funds credited to the Budget Reserve Fund shall be deemed to be appropriated for purposes of funding such deficit.

In addition, the General Assembly may transfer funds from the Budget Reserve Fund to the General Fund if any consensus revenue estimate maintained or revised for the current biennium projects a decline in General Fund revenues for the current biennium of 1% or more from the total amount of General Fund estimated revenue on which the budget act or adjusted revenue plan enacted by the General Assembly was based. Any such transfer may be made at any time during the remainder of the current biennium. The General Assembly may also transfer funds from the Budget Reserve Fund to the General Fund if the consensus revenue estimate maintained or revised not later than April 30 annually projects a decline in General Fund revenues, in either year or both years of the biennium immediately following such consensus revenue estimate, of 1% or more from the total of General Fund appropriations for the current year. Any such transfer shall be made in the fiscal year for which such deficit is projected.

The balance in the Budget Reserve Fund as of June 30, 2024 was $4,105.1 million, representing the maximum 18%. The balance in the Budget Reserve Fund for the last three fiscal years and application:

Budget Reserve Fund
(In Millions)

	Fiscal Year 2022	**Fiscal Year 2023**	**Fiscal Year 2024**
Budget Reserve Fund Beginning Balance	$ 3,112.0	$ 3,313.4	$ 3,315.8
Plus Surplus	1,261.3	555.3	401.0
Plus Volatility Cap	3,047.5	1,321.8	1,321.4
Total	$ 7,420.8	$ 5,190.5	$ 5,038.1
Budget Reserve Fund Statutory Cap	$ 3,313.4	$ 3,315.8	$ 4,105.1
Excess to Pension Funds (State Employees' Retirement Fund/Teachers' Retirement Fund)	(4,107.4)	(1,874.7)	(933.1)
BRF Net Increase / (Decrease)	$ 201.4	$ 2.4	$ 789.2
BRF Balance as a % of Ensuing Fiscal Year Appropriations	15.0%	15.0%	18.0%
Application of Excess Budget Reserve Fund:			
State Employees' Retirement Fund	$ 3,203.8	$ 1,046.7	$ 514.0
Teachers' Retirement System	903.6	828.0	419.2
Total	$ 4,107.4	$ 1,874.7	$ 933.1

NOTE: Totals may not add due to rounding

Bond Covenant. The Treasurer is required to include a covenant in general obligation bonds and credit revenue bonds issued on or after July 1, 2023, and prior to July 1, 2025 requiring the State to comply with various statutory provisions. See **STATE DEBT – State Direct General Obligation Debt – *Bond Covenant*** herein.

Accounting Procedures

Books and Records. The State uses an enterprise resource planning system called Core-CT to address its automated financial accounting and human resources needs. This statewide system uses technology to manage financial transaction activities ranging from contracting and purchasing to payment and reporting. The State's financial applications are fully integrated with human resources, providing a single comprehensive management and reporting system.

Financial Reporting. For a number of years, the State has prepared annual financial statements in two ways: financial statements prepared using the guidance of GAAP, as prescribed by GASB, and financial statements prepared on a statutory basis (that is, following the adopted budget and related statutes, and referred to as "statutory basis" statements). As described below, the State has transitioned to both budgeting and statutory financial statement reporting more in line with GAAP standards.

While not required by statute to prepare financial statements in accordance with GAAP, since 1988 the State has issued annual comprehensive financial reports in accordance with the guidelines established by GASB. These reports include audited annual financial statements prepared using the guidance of GAAP. The State does not prepare GAAP statements on an interim basis.

The Comptroller prepares financial statements annually on a statutory basis for submission to the Governor by September 30 of each year, unless extended by State law. The State's Auditors of Public Accounts must audit the books and accounts of the Treasurer and the Comptroller at least annually and have discretion to audit them at more frequent intervals.

The statutory basis of accounting used for budgetary financial reporting and the modified accrual basis used for GAAP financial reporting are different and, as a result, often produce varying financial results, primarily because of differences in the recognition of revenues and expenditures. As described below under "**GAAP Based Budgeting**", commencing in Fiscal Year 2014 appropriations have been made in line with the accrual of expenses for GAAP purposes, and the differences between the two methods are less significant than they would have been without the budgetary conversion to GAAP budgeting, discussed below. Under the statutory basis, expenditures are recorded in the fiscal year in which the payment is processed versus when the expense is realized under a GAAP basis. In addition, there is a recording of expenditure accruals to the fiscal year in which specific goods and services are received even though payment is not processed until the next fiscal year. Such accrued expenditures include State payroll expenses, general agency operating expenses, and Medicaid expenses. Certain appropriations that have not lapsed are reflected in the balance sheet through a reserve for continuing appropriations. Under the statutory basis, there are limited modifications from the cash basis in recording revenues permitted by statute or decision of the Comptroller. Under the modified accrual basis used for GAAP financial recording, generally all revenues are recognized when they are realized or realizable and earned.

The audited financial statements for Fiscal Year 2024, prepared using the guidance of GAAP and as prescribed in pronouncements of GASB, have not been completed as of the date of this Information Statement due to delays in the financial closing and financial statement preparation process. The Office of the State Comptroller did not have sufficient suitable resources dedicated to the financial closing process to detect material errors and make timely corrections. Further, the Office of the State Comptroller, which prepares the financial statements, relies on information and data from various State agencies and component units. Among other factors for the delay, the Office of the State Comptroller experienced delays in receiving complete information from some such agencies and units. Many such agencies and units suffered from retirements and departures among their most senior and expert personnel. This was particularly the case with the financial statements of the Connecticut State Colleges and Universities, which are separately audited, and which, because of the confluence of the community college consolidation from 12 entities to one entity and a one-time change in the allocation of employee retirement benefit expenses back to the State itself, required increased attention and consequent delay. Finally, the Office of the State Comptroller was also transitioning back from new software involved in the production of the financial statements and the related annual comprehensive financial report which was determined to not meet the needs of the State. Accordingly, the audited financial statements for Fiscal Year 2024, which ordinarily would have been included in **Appendix II-C**, are not included and will be included when available. The audited statutory basis financial statements for Fiscal Years 2020 through 2024 appear in **Appendix II-D**.

The Office of the State Comptroller has committed to the following steps to address the causes of the late filing. It is committed to engaging in additional training for various State agencies and component units. It further will enhance relevant trainings to staff involved with preparing the State's financial statements to strengthen their knowledge in government accounting and ensure the preparation of accurate financial statements. It is also developing updated internal quality control checklists for staff and reviewers to use while preparing and reviewing the State's financial statements. This will serve as an additional control over the preparation of the financial statements and help identify and correct errors that may have occurred during preparation. Additionally, the Office of the State Comptroller will improve guidance to agencies and component units through instruction, informational memos, and documentation, as well as trainings. The Office of the State Comptroller is in the process of developing a survey that will be distributed to accounting and finance staff at the various agencies and units to help identify common questions, areas of confusion, and other difficulties to focus its training efforts on prior to the next reporting cycle. In addition, quality control checklists are being developed that will be incorporated into the next reporting cycle's requirements for agencies and component units to help ensure that the information being reported is complete and accurate and to help detect errors in data before the data is incorporated into the financial statements. Finally, the Connecticut State Colleges and University system has engaged an outside accounting firm to augment its internal resources. The Office of the State Comptroller anticipates that through these and other measures there will not be similar delays with respect to the Fiscal Year 2025 financial statements.

GAAP Based Budgeting. Legislation passed in 2011 required the transition from the previously used modified cash basis of accounting to GAAP. This legislation required that the budget, commencing with Fiscal Year 2014, be prepared in accordance with GAAP, commonly referred to as GAAP budgeting. While GASB does not recognize a concept of GAAP budgeting or prescribe standards for GAAP budgeting, the State interprets the policy objectives of the GAAP budgeting requirement as a requirement to authorize expenditures in line with the accrual of the expenditures and to estimate revenues in line with the accrual of revenues.

The Comptroller initiated a transitional process intended to result in the implementation of the policy objectives of GAAP with respect to the preparation and maintenance of the biennial budget and the annual financial statements of the State previously prepared on a modified cash basis. The Comptroller in 2013 established an opening combined balance sheet for each appropriated fund reflecting GAAP accrual principles. This combined balance sheet reflected as a deferred charge the accumulated deficit in the General Fund, identified in the annual comprehensive financial report of the State as a negative unassigned fund balance in the General Fund. The negative balance in practical terms represents a reduction in the State's cash resources. Proceeds of the issuance of bonds (since retired) and appropriated funds have had the effect of augmenting the State's cash resources and reducing the unassigned general fund balance from what otherwise would have been the case. It is not expected that further appropriations will be made for this purpose, as the State's cash resources are currently ample.

Cash Management and Investment

The Treasurer has the investment responsibility for all funds of the State and functions as the trustee of all State pension, retirement and trust funds. The Treasurer is authorized to invest funds under the control of the Treasurer in a variety of investments allowed by statute, subject to certain conditions, including in certain circumstances the approval of the Investment Advisory Council.

Cash Management. The cash management system and the investment by the Treasurer of State monies, other than monies invested on a longer-term basis, including pension and certain trust funds, are based on the concept of available cash. Available cash consists of the State's common cash pool and funds invested in certain accounts in the Short-Term Investment Fund ("STIF"), including proceeds of various State bonding programs and miscellaneous other STIF accounts. The common cash pool is comprised of the operating cash of most State funds, including the General Fund and the Budget Reserve Fund, and is held or invested in bank deposits, STIF, and other short-term investments. It is the State's practice to permit temporary inter-fund transfers to the common cash pool as needed to address mismatches in the timing of receipts and disbursements. This cash management policy is intended to provide flexibility for expenditures to occur when they are needed without the need to resort to short-term financing mechanisms that could impose additional costs on the State. Cash transferred pursuant to these temporary inter-fund transfers is returned as cash pool balances allow. The State's available cash varies from day to day. The week-ending balances of available cash for Fiscal Year 2024 averaged $10.5 billion.

In addition, the Treasurer has the authority to establish, and has in the past established, lines of credit and other short-term financing mechanisms to secure the availability of cash.

On a daily basis, the Treasurer calculates expected cash receipts and disbursements, necessary bank balances, and amounts available for investment. The Treasurer is required to submit a monthly report to certain legislative members and the OFA that includes among other items, a weekly list of the State's cash balance, a year-to-date total of authorized but unissued bonds, debt instruments or commercial paper of the State, and the amounts in the State's common cash pool.

Short-Term Investment Fund. STIF is a combined investment pool of high quality, short-term money market instruments, and is an investment vehicle for the temporary surplus cash of all funds for which the Treasurer is custodian and/or trustee, except certain bond funds, State pension funds and selected trust funds. All agencies, instrumentalities and political subdivisions of the State are permitted to invest in STIF. The State is responsible to these governmental entities to manage their deposits and accumulated earnings in a prudent manner. Individual participants in STIF can add or withdraw monies on a daily basis with interest earned from date of deposit to date of withdrawal. The primary investment objectives of STIF are the preservation of principal and the provision of liquidity to meet participants' daily cash flow needs, while seeking to earn competitive yields. STIF is managed in accordance with the investment guidelines established by the Treasurer and the investment restrictions of CGS Section 3-27d. These investment guidelines prohibit investment in derivative securities other than floating rate securities that vary in the same direction as individual short-term money market indices, and limit the ability to enter into reverse repurchase agreements to amounts not to exceed five percent (5%) of the STIF's net assets at the time of execution. STIF is rated "AAAm" by S&P Global Ratings.

Other Funds. Other State monies are held in certain other funds. Up to $300 million of the State's operating cash may be invested in certificates of deposit of community banks and credit unions, pursuant to CGS Section 3-24k. In addition, investments may be made in individual securities pursuant to CGS Section 3-31a. Allowable investments under CGS Section 3-31a include United States government and agency obligations, shares or interests in an investment company or investment trust registered under the Investment Company Act of 1940, whose portfolio is limited to obligations of the United States, its agencies or instrumentalities, or repurchase agreements collateralized by such obligations, certificates of deposit, commercial paper, savings accounts, and bank acceptances. The Treasurer has adopted guidelines for investments made under CGS Section 3-31a that specify credit and diversification standards, and limit individual security maturities to three years and the total amount invested to $10.0 billion, subject to increases with the approval of the Treasurer. Pursuant to CGS Section 3-28a and guidelines adopted by the Treasurer, the Treasurer is authorized to invest funds of the Medium-Term Investment Fund in obligations of the United States government and its agencies and instrumentalities, certificates of deposit, commercial paper, corporate debt securities, savings accounts and bankers acceptances, repurchase agreements collateralized by such securities and investment funds or pools comprised of securities in which the Medium-Term Investment Fund may directly invest.

Investment and Payment of Bond Proceeds. Proceeds of bonds are accounted for in various bond funds. Generally, all invested assets of the bond funds are invested in STIF. Bond proceeds are expended in accordance with the authorization and allotment procedure of the State Bond Commission and the Governor. Assets of the bond funds may from time to time be transferred temporarily to the common cash pool in accordance with the State's overall cash flow needs. Under the State's accounting system, transfer of the assets of the bond funds to the common cash pool is reflected in the accounts of the bond funds as an uninvested cash balance. That accounting balance can be reduced only when an approved payment for an expenditure is charged to the bond funds. In no case does the temporary transfer of bond fund assets to the common cash pool alter the timing or the extent of expenditures for the purposes for which the bonds were issued.

Investment of Pension and Trust Funds. The below listed composite asset classes, also known as Combined Investment Funds ("CIFs"), are separate pooled investment funds that were created by the Treasurer pursuant to CGS Section 3-31b. The CIFs are open-end portfolios that represent individual asset classes or sub-asset classes in the plan or trust. The pension retirement and trust funds acquire units, in varying proportions depending on the asset allocations set forth in the applicable investment policy statement.

By statute no more than 60% of any of the State's trust funds may be invested in common stock and if market fluctuations cause this limit to be exceeded, after six months no more than 65% of the State's trust funds may remain invested in common stock. Other than these limits, the statutes of the State permit investment in securities under the "Prudent Investor" rule. Pursuant to an Investment Policy Statement adopted in September 2022, the investment of such pension, retirement and trust funds will shift to the asset classes in the below table over the ensuing three to five years. The long-term policy targets for the State Employees' Retirement Fund and Teachers' Retirement Fund, the bulk of the State's investment funds, are noted below; other pension, retirement and trust funds have different targets.

Composite / Asset Class[1]	Long-Term Policy Target[2]	Benchmark
Global Equity[3]	37%	MSCI All Country World IMI Net Index
Global Fixed Income		
Core Fixed Income	13%	Blend: Bloomberg Barclays U.S. Aggregate Bond and Bloomberg Barclays U.S. Treasuries Index
Non-Core Fixed Income (Public Credit)	2%	Bloomberg Barclays U.S. High Yield 2% Issuer Cap Index
Alternative Investments		
Private Equity[4]	15%	Russell 3000 + 250 basis points[2]
Private Credit	10%	S&P / LSTA Leveraged Loan Index + 150 basis points[2]
Real Estate	10%	Open End Diversified Core Equity (NFI-ODCE Index)[2]
Infrastructure and Natural Resources	7%	CPI + 400 basis points[2]
Absolute Return (Risk Mitigating)	5%	Blend: Dynamic weighted strategy (HFRX)
Liquidity / (Cash Equivalents)	1%	U.S. 3-Month T-Bill Index

[1] Emerging Markets Debt Fund is not included above since it is a legacy asset class of as of September 2022.
[2] Deviations from approved asset allocation targets may occur from time to time as a result of market movements or other unanticipated events. Performance comparisons are typically evaluated one quarter in arrears.
[3] Global Equity comprised of Domestic Equity Fund, Developed Markets International Stock Fund and Emerging Markets International Stock Fund.
[4] Private Equity refers to the Private Investment Fund.

See also **PENSION AND RETIREMENT SYSTEMS** herein.

Investment Advisory Council. Trust fund investments by the Treasurer are reviewed by the Investment Advisory Council, comprised of the Treasurer and the Secretary of OPM as *ex-officio* members, five members of the public with experience in investment matters, three representatives of the teachers' union and two representatives of the State employees' unions. The Treasurer, with the approval of the Council, adopts an Investment Policy Statement for trust funds. Under certain limited circumstances, all private equity or real estate investments require approval of the Investment Advisory Council. The Governor may direct the Treasurer to change any investments when, in the judgment of the Council, such action is in the best interest of the State.

STATE GENERAL FUND

The State finances most of its operations through its General Fund. Certain State functions, such as the State's transportation budget, are financed through other State funds. See **OTHER FUNDS, DEBT AND LIABILITIES** herein. For budgetary purposes, the State's General Fund has been accounted for in accordance with accounting standards prescribed by statutes ("statutory basis"). The State has not been required by law to prepare GAAP financial statements, although it has prepared such statements annually since 1988. Legislation passed in 2011 facilitated a transition from the prior modified cash basis of accounting to a basis of accounting that incorporates certain policy objectives of GAAP. For an explanation of the differences between the statutory basis and GAAP based accounting and a discussion of the transition to GAAP, see **FINANCIAL PROCEDURES — Accounting Procedures** herein.

GAAP based audited financial statements for certain funds including the General Fund of the State for Fiscal Year 2024 will be included as **Appendix II-C** when available. See **FINANCIAL PROCEDURES – Accounting Procedures –** ***Financial Reporting*** herein for information with respect to the delay. Statutory basis audited financial statements for the General Fund for Fiscal Years 2020 through 2024 are included in **Appendix II-D**. The adopted budget and audited financial statutory basis results for Fiscal Year 2024 and the adopted budget and estimated results (as of December 31, 2024) for Fiscal Year 2025 are included as **Appendix II-E**. Unless otherwise stated, amounts set forth in the discussion that follows under this caption **STATE GENERAL FUND** refer to such amounts as calculated on the statutory basis of accounting. Financial information presented herein for Fiscal Year 2025 and later is unaudited and subject to change.

General Fund Revenues

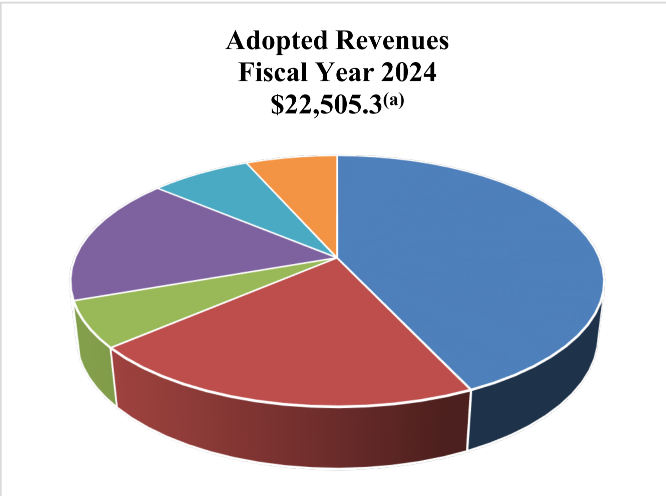
Procedure For Forecasting Revenues. Revenues are forecast by the legislature in adopting a budget and by the executive branch in proposing a budget and tracking performance through the year and for other planning purposes. Revenue forecasting incorporates a blend of econometric modeling and economic advice obtained from an array of expert sources. Some of these major sources include: "Blue Chip Economic Indicators," which is a compilation of the consensus forecast for major national economic indicators from the top 50 economic and financial institutions and S&P Global, a nationally recognized financial and econometric forecasting firm.

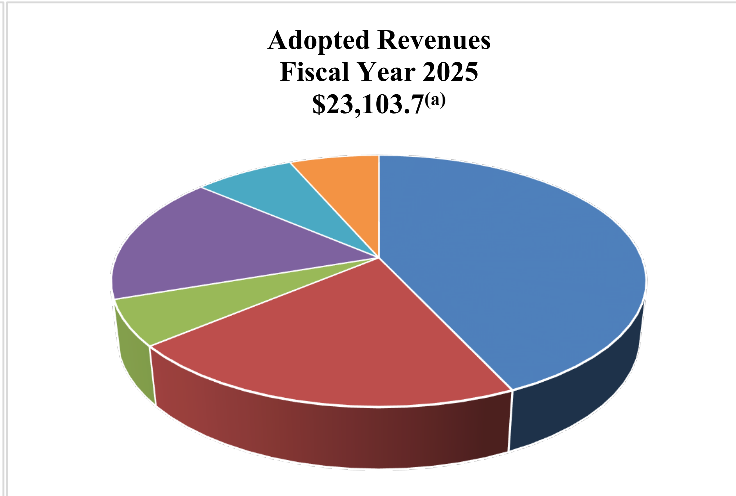
Because of the vast number of variables that can impact the revenue forecast, the State considers forecasting to be a process and not a product. While the economic data from available sources is analyzed and used to anticipate overall direction and trends, the revenue forecast is generated through a consensus interpretation of all available data. Annual revenue estimates from the beginning of each year attempt to account for possible variations in economic activity during the year. Periodic economic data, such as seasonal adjustments to estimated personal income growth, or a monthly drop in employment, are analyzed on an on-going basis. Adjustments are made when the aggregate values of such changes deviate beyond tolerance levels derived from aggregate and historical estimates. The State believes that the process followed in developing Connecticut's revenue forecast is consistent with approaches taken in many other states.

Fiscal Year 2024 and 2025 Adopted Revenues. General Fund revenues were forecasted by the legislature at the adoption of the budgets for Fiscal Years 2024 and 2025 ("Adopted Revenues") and are reflected in Appendix II-E.

General Fund revenues are derived primarily from the collection of State taxes, including the personal income tax, the sales and use tax and the corporation business tax. The State, as of the forecast date, expected to derive approximately 69.6% and 69.8% of its General Fund revenues from these taxes during Fiscal Year 2024 and Fiscal Year 2025, respectively. A summary of anticipated General Fund revenue sources based on the Adopted Revenues for Fiscal Years 2024 and 2025, is set forth below:

Adopted General Fund Revenues (In Millions)





Fiscal Year 2024

Personal Income Tax	$ 11,023.3	43.0%
Sales and Use Tax	5,299.5	20.7%
Corporate Business Tax	1,514.5	5.9%
Other Taxes[b]	4,223.4	16.5%
Unrestricted Federal Grants	1,867.8	7.3%
Other Non-Tax Revenues[c]	1,697.0	6.6%

Fiscal Year 2025

Personal Income Tax	$ 11,233.4	43.1%
Sales and Use Tax	5,428.2	20.8%
Corporate Business Tax	1,526.5	5.9%
Other Taxes[b]	4,314.1	16.5%
Unrestricted Federal Grants	1,886.5	7.2%
Other Non-Tax Revenues[c]	1,688.0	6.5%

(a) The pie charts reflect the total of the listed tax and revenue amounts of $25,625.5 million for Fiscal Year 2024 and $26,076.7 million for Fiscal Year 2025, while the amounts in the title of the pie charts reflect reductions resulting from tax refunds, earned income tax, R&D Credit Exchange, refunds of payments, transfers to other funds, volatility cap adjustments and revenue cap deductions of $3,120.2 million for Fiscal Year 2024 and $2,973.0 million for Fiscal Year 2025. See **Appendix II-E** for anticipated adjustments to adopted tax revenues.

(b) Other taxes are comprised of inheritance and estate taxes; pass-through entity tax; taxes on gross receipts of public service corporations, on net direct premiums of insurance companies, on cigarettes and alcoholic beverages, on real estate transfers, on admissions and dues, on health care providers and other miscellaneous taxes. See **Appendix II-E**.

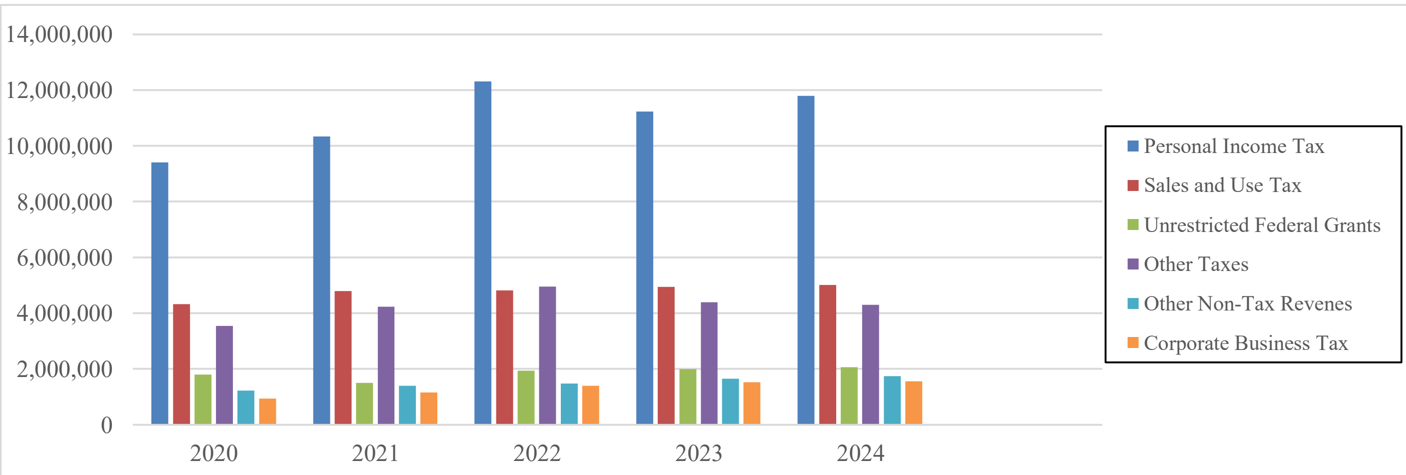
(c) Other non-tax revenues are comprised of special revenue transfers; Indian gaming payments; licenses, permits and fees; sales of commodities and services; rents, fines and escheats; investment income; other miscellaneous revenues; designated Tobacco Settlement Revenues and special transfers to the resources of the General Fund. See **Appendix II-E**.

SOURCE: Public Act No. 23-204

Historical General Fund Revenues

Actual General Fund revenues for Fiscal Years 2020 through 2024 are set forth in **Appendix II-D**. A summary of the composition of General Fund gross revenues for the last five fiscal years is illustrated below:

General Fund Revenues[a]
Fiscal Year Ending June 30
(In Thousands)



	2020	2021	2022	2023	2024
Taxes:					
Personal Income Tax	$ 9,397,778[b]	$ 10,340,437[b]	$ 12,131,800[b]	$ 11,223,390[b]	$ 11,803,047[b]
Sales Tax	4,317,730	4,792,675	4,818,083	4,944,772	5,003,036
Corporate Business Tax	934,499	1,153,079	1,401,153	1,516,588	1,555,553
Other Taxes[c]	3,542,851	4,229,834	4,947,333	4,391,202	4,300,735
Subtotal	$ 18,192,858	$ 20,516,024	$ 23,298,369	$ 22,075,952	$ 22,662,371
R & D Credit Exchange	(8,628)	(7,093)	(5,756)	(6,061)	(9,028)
Refunds of Taxes	(1,491,413)	(1,857,512)	(1,811,202)	(1,990,104)	(2,156,713)
Total Net Taxes	$ 16,692,816	$ 18,651,419	$ 21,481,411	$ 20,079,787	$ 20,496,631
Other Revenue:					
Federal Grants (Unrestricted)	$ 1,796,754	$ 1,496,315	$ 1,934,869	$ 1,997,837	$ 2,060,692
Other Non-Tax Revenues[d]	1,227,906	1,397,789	1,474,531	1,645,647	1,738,878
Transfers to Other Funds[e]	(659,936)	(1,128,604)	(3,026,155)	(1,012,878)	(1,679,260)
Transfers from Other Funds	136,000	114,500	126,200	112,500	99,190
Total Other Revenues	$ 2,500,724	$ 1,880,000	$ 509,445	$ 2,743,106	$ 2,219,499
Total Revenues	$ 19,193,540	$ 20,531,419	$ 21,990,857	$ 22,822,894	$ 22,716,130

(a) The bar graph reflects the gross listed tax and revenue amounts and does not reflect the listed adjustments for tax credits and refunds and transfers to or from other funds. See **Appendix II-D** for adjustments to revenues.

(b) Personal Income Tax total in Fiscal Years 2020 through 2024 are comprised of $6,815.2 million, $7,243.8 million, $7,886.2 million, $8,317.2 million and $8,666.4 million, respectively, in the withholding portion of Personal Income Tax and $2,582.6 million, $3,096.6 million, $4,245.6 million, $2,906.2 million and $3,136.6 million, respectively, in the estimated and finals portion of Personal Income Tax.

(c) Other taxes are comprised of pass-through entity tax, inheritance and estate taxes; taxes on gross receipts of public service corporations, net direct premiums of insurance companies, cigarettes and alcoholic beverages, real estate transfers, admissions and dues, health care providers; and other miscellaneous taxes.

(d) Other non-tax revenues are comprised of special revenue transfers; Indian gaming payments; licenses, permits and fees; sales of commodities and services; rents, fines and escheats; investment income; other miscellaneous revenues, designated Tobacco Settlement Revenues and special transfers to the resources of the General Fund less refunds of payments.

(e) Includes transfers from the resources of the General Fund, transfers to the Budget Reserve Fund for the volatility adjustment and transfers to the Pequot/Mohegan Fund.

NOTE: Totals may not add due to rounding.

SOURCE: 2020, 2021, 2022, 2023 and 2024 Annual Reports of the State Comptroller.

Components of Revenue

Personal Income Tax. The State imposes a Personal Income Tax on the income of residents of the State (including resident trusts and estates), part-year residents and certain non-residents who have taxable income derived from or connected with sources within Connecticut. The current tax is imposed on a graduated scale, with a maximum rate of 6.99% on Connecticut taxable income. Depending on federal income tax filing status, the taxable year and Connecticut adjusted gross income, personal exemptions are available to taxpayers, ranging from $15,000 to $24,000. In addition, tax credits ranging from 1% to 75% of a taxpayer's Connecticut tax liability are also available depending upon federal income tax filing status, the taxable year and Connecticut adjusted gross income. Such exemptions and tax credits are phased out at higher income levels. Under the current structure, the top rate increases to 6.99% with a rate of 3% applicable to taxable income up to certain amounts. The first $20,000 of taxable income for a joint filer and the first $10,000 of taxable income for a single filer are taxed at the 3% rate, rising thereafter to 6.99%. Lower rates are phased out for all filers who exceed certain income thresholds. There is an income tax credit available to certain filers for property taxes paid of $300 per filer for tax years beginning on or after January 1, 2022. Taxpayers also are subject to a Connecticut minimum tax, based on their liability, if any, for payment of the federal alternative minimum tax. Neither the personal exemption nor the tax credits described above are available to trusts or estates.

Sales and Use Taxes. A Sales Tax is imposed, subject to certain limitations, on the gross receipts from certain transactions within the State of persons engaged in business in the State, including (a) retail sales of tangible personal property, (b) the rendering of certain services, (c) the leasing or rental of tangible personal property, (d) the production, fabrication, processing, printing, or imprinting of tangible personal property to special order or with materials furnished by the consumer, (e) the furnishing, preparation or serving of food, meals, or drinks, and (f) hotel, lodging house rooms or bed and breakfast establishment for a period not exceeding thirty consecutive calendar days. A Use Tax is imposed, with certain exceptions, on the consideration paid for certain services or purchases or rentals of tangible personal property used within the State pursuant to a transaction not subject to the Sales Tax. The tax rate for each of the Sales and Use Taxes is 6.35% except as otherwise provided. A separate rate of 15% is charged on the occupancy of hotel rooms or lodging house rooms and 11% for bed and breakfast establishments. Various exemptions from the Sales and Use Taxes are provided, based on the nature, use or price of the property or services involved or the identity of the purchaser. Tax returns and accompanying payments with respect to these taxes are generally due monthly on or before the last day of the month next succeeding the taxable month.

Corporation Business Taxes. A Corporation Business Tax is imposed on any corporation, joint stock company or association, any dissolved corporation that continues to conduct business, any electric distribution company or fiduciary of any of the foregoing that carries on or has the right to carry on business within the State, owns or leases property, maintains an office within the State, or is a general partner in a partnership or a limited partner in a limited partnership, except an investment partnership, which does business, owns or leases property or maintains an office within the State. Certain financial services companies and domestic insurance companies are exempt from this tax. Corporations are required to compute their tax liability under three methods, determine which calculation produces the greatest tax, and pay that amount to the State.

- The first method of computing the Corporation Business Tax is a tax measured by the net income of a taxpayer (the "Income-Base Tax"). Net income means federal gross income with limited variations less certain deductions, most of which correspond to the deductions allowed under the Internal Revenue Code of 1986, as amended. The Income-Base Tax is at a rate of 7.5%.

- The second method of computing the Corporation Business Tax is a tax on capital (the "Capital Base Tax"). This tax is determined either as a specific maximum dollar amount or at a flat rate on a defined base, usually related in whole or in part to the corporation's capital stock and balance sheet surplus, profit and deficit.

- The third method of computing the Corporation Business Tax is a minimum tax in the amount of $250.

The State limits corporation credits from reducing tax liability by more than 50.01% for most credits. The State imposed a corporation business tax surcharge of 20% for income years 2012 through 2017 for businesses with over $100 million in federal adjusted gross income. Under current law, the surcharge decreased to 10% for income years 2018 through 2025 and is phased out completely for income year 2026.

Other Taxes. Other tax revenues are derived from pass-through entities; inheritance and estate taxes; taxes on gross receipts of public service corporations, on net direct premiums of insurance companies, on cigarettes and alcoholic beverages, on real estate transfers, on admissions and dues, on health care providers, and other miscellaneous taxes.

Pass-Through Entity Tax. The State imposes a Pass-Through Entity Tax on the income derived from or connected with Connecticut sources for: (a) partnerships, including limited liability companies that are treated as partnerships for federal income tax purposes, but excluding publicly-traded partnerships, and (b) S corporations, including limited liability companies that are treated as S corporations for federal income tax purposes. Formerly such income was subject to either the State's Personal Income Tax or the Corporation Business Tax. The current tax rate for the Pass-Through Entity Tax is 6.99%. Members of a pass-through entity are entitled to a credit on the State's Personal Income Tax or Corporation Business Tax based upon their respective shares of the pass-through entity's tax liability. For taxable years that began on or after January 1, 2018, but prior to January 1, 2019, the tax credit is 93.01% of the member's share of the Pass-Through Entity Tax. For taxable years that began on or after January 1, 2019, the tax credit is 87.5% of the member's share of the Pass-Through Entity Tax.

Federal Grants. Depending upon the particular program being funded, federal grants-in-aid are normally conditioned, to some degree, on resources provided by the State. Most unrestricted federal grant revenue is based on expenditures. The largest components of federal grants were related to assistance provided to low-income individuals under Medicaid and Temporary Assistance for Needy Families. The State also receives certain restricted federal grants that are not reflected in annual appropriations but that nonetheless are accounted for in the General Fund. In addition, the State receives certain federal grants that are not accounted for in the General Fund but are allocated to the Special Transportation Fund, various Capital Project Funds and other funds. With respect to Medicaid expenditures, only the State's share of Medicaid expenditures are appropriated in the Department of Social Services ("DSS") Medicaid account. Current federal regulations reduced the reimbursement rate for the Medicaid expansion population to 90% beginning in calendar year 2020. Federal reimbursement for this population was 100% for calendar years 2014 through 2015 and was phased down starting in 2017 to 95% and dropped to 94% for calendar year 2018 and 93% in calendar year 2019. The Medicaid appropriation in the DSS is "net funded" while other Medicaid expenditures – including funding for the Hospital Supplemental Payments account in DSS – are gross funded, with federal funds deposited directly to the State.

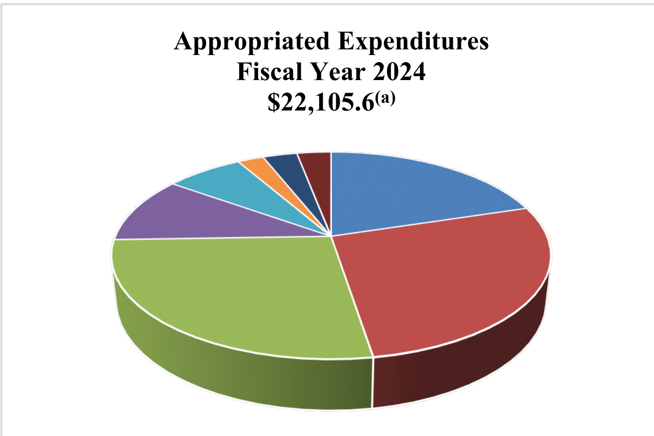
Other Non-Tax Revenues. Other non-tax revenues are derived from special revenue transfers; Indian gaming payments; licenses, permits and fees; sales of commodities and services; rents, fines and escheats; investment income; other miscellaneous revenue sources; and designated Tobacco Settlement Revenues.

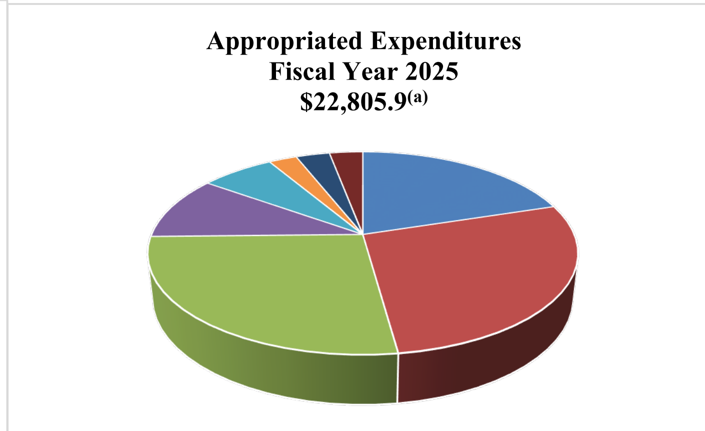
General Fund Expenditures

Fiscal Year 2024 and 2025 Appropriated Expenditures. State expenditures are categorized for budget and appropriation purposes under ten functional headings, with expenditures by agency generally shown as subheadings in the following functional categories: Human Services; Education, Libraries and Museums; Non-Functional (debt service and miscellaneous expenditures including fringe benefits); Health and Hospitals; Corrections; General Government; Judicial; Regulation and Protection; Conservation and Development; and Legislative. State expenditures for Department of Transportation functions are generally paid from the Special Transportation Fund, although minor expenditures for transportation related expenditures are occasionally paid from the General Fund. See **OTHER FUNDS, DEBT AND LIABILITIES -- *Special Transportation Fund and Debt*** herein.

The adopted budgets for Fiscal Year 2024 and 2025 are included as **Appendix II-E**. A summary of appropriated General Fund expenditures for Fiscal Years 2024 and 2025 is set forth below.

Appropriated General Fund Expenditures (In Millions)





Fiscal Year 2024

Human Services	$ 4,502.1	20.2%
Education, Libraries and Museums	6,041.7	27.2%
Non-Functional	6,007.2	27.0%
Health and Hospitals	2,310.6	10.4%
Corrections	1,503.5	6.8%
General Government	522.5	2.3%
Judicial	674.7	3.0%
Other Expenditures[b]	677.0	3.0%

Fiscal Year 2025

Human Services	$ 4,633.2	20.2%
Education, Libraries and Museums	6,358.5	27.7%
Non-Functional	6,173.9	26.9%
Health and Hospitals	2,342.0	10.2%
Corrections	1,516.7	6.6%
General Government	581.3	2.5%
Judicial	694.7	3.0%
Other Expenditures[b]	688.3	3.0%

(a) The pie charts reflect the total appropriated expenditures of $22,239.3 million for Fiscal Year 2024 and $22,988.6 million for Fiscal Year 2025, while the references in the title of the pie charts reflect adjustments for unallocated lapses of $133.7 million for Fiscal Year 2024 and $182.7 million for Fiscal Year 2025. See **Appendix II-E** for anticipated adjustments to appropriated expenditures.

(b) Other expenditures are comprised of appropriations for Regulation and Protection; Conservation and Development; and Legislative.

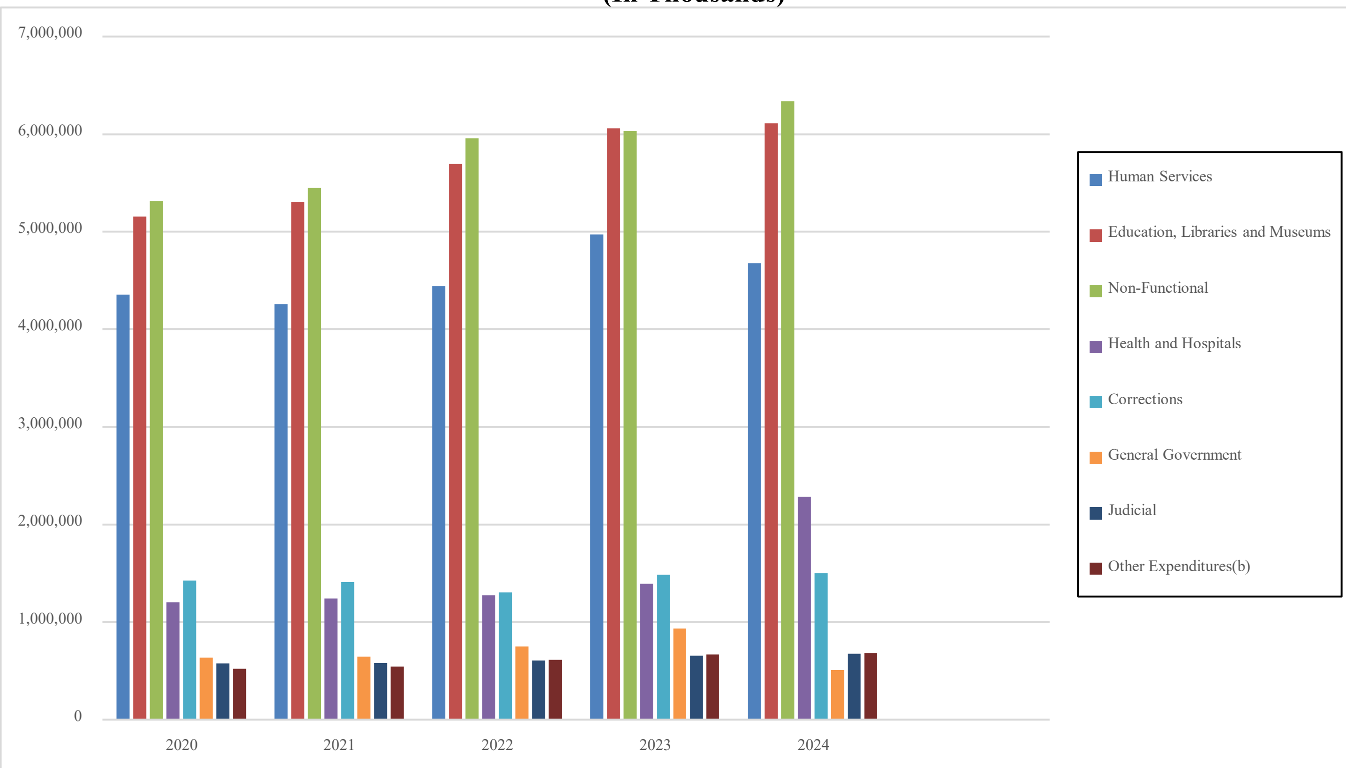
NOTE: Totals may not add due to rounding.

SOURCE: Public Act No. 23-204.

Historical General Fund Expenditures

Actual General Fund expenditures for Fiscal Years 2020 through 2024 are set forth in **Appendix II-D** to this Information Statement. A summary of the composition of General Fund expenditures for the last five fiscal years is illustrated below:

General Fund Expenditures By Function[a]
Fiscal Year Ending June 30
(In Thousands)



	2020	2021	2022	2023	2024
Human Services	$ 4,356,788	$ 4,257,971	$ 4,444,984	$ 4,969,383	$ 4,675,936
Education, Libraries and Museums	5,154,647	5,303,846	5,697,620	6,060,110	6,114,126
Non-Functional	5,314,485	5,447,513	5,958,694	6,034,660	6,339,354
Health and Hospitals	1,202,890	1,243,572	1,276,373	1,395,142	2,285,272
Corrections	1,429,124	1,412,659	1,305,228	1,485,572	1,502,814
General Government	634,622	646,356	749,700	934,447	506,828
Judicial	574,735	580,979	606,544	653,109	675,221
Other Expenditures[b]	521,343	543,308	612,359	666,478	679,889
Totals	$ 19,188,634	$ 19,436,204	$ 20,651,502	$ 22,198,901	$ 22,779,439

(a) The bar graphs and amounts listed do not reflect the offsetting effect of restricted federal and other grants. Amounts shown do not exclude expenditures or appropriations carried over from the prior fiscal year and do not include expenditures of appropriations carried into the next fiscal year. See **Appendix II-D**.

(b) Other expenditures are comprised of appropriations for Regulation and Protection; Conservation and Development; and Legislative.

NOTE: Totals may not add due to rounding.

SOURCE: 2020, 2021, 2022, 2023 and 2024 Annual Reports of the State Comptroller, as adjusted by OPM to exclude expenditures of appropriations carried over from the prior fiscal year and to include expenditures of appropriations carried into the next fiscal year.

Components of Expenditures

Human Services. Virtually all of the State expenditures for Human Services are allocated to the Department of Social Services for various programs and services, including Medicaid payments, Temporary Assistance to Families, and General Assistance payments.

Education, Libraries and Museums. The majority of State expenditures for Education, Libraries and Museums is allocated to the Department of Education, the largest share of which consists of payments to local governments. The remaining share consists of expenditures for higher education (including the University of Connecticut, Connecticut State Colleges and Universities and Office of Higher Education), the Office of Early Childhood Education, the Teachers' Retirement Board and the State Library.

Non-Functional. Non-Functional State expenditures consist of debt service payments, State employee fringe benefit accounts and other miscellaneous appropriations.

Health and Hospitals. State expenditures for Health and Hospitals are allocated primarily for programs and services provided by the State Departments of Public Health, Developmental Services, and Mental Health and Addiction Services.

Corrections. Appropriations to the State Department of Correction and the Department of Children and Families comprise the largest portion of State expenditures for Corrections.

General Government. State expenditures for General Government may be classified into three categories: executive, financial administration and legal, the largest of which is expenditures for financial administration. Such expenditures are primarily for salaries and other miscellaneous expenses of various State departments.

Judicial. Judicial expenditures are comprised of salaries, expenses and payments for special programs of the Judicial Department and the Public Defender Services Commission.

Regulation and Protection. State expenditures for Regulation and Protection consist primarily of appropriations for the Department of Public Safety for salaries, equipment, training and other services and expenses. Other agencies and programs for which appropriations are made include the Police Officer Standards and Training Council, the Board of Firearms Permit Examiners, the Military Department, the Commission on Fire Prevention and Control, the Department of Consumer Protection, the Department of Labor, the Commission on Human Rights and Opportunities, and the Office of the Child Advocate.

Conservation and Development. State expenditures for Conservation and Development fall into three general categories: agriculture; development of housing, historical sites, commerce and industry; and environment.

Legislative. Legislative expenditures are comprised primarily of salaries, equipment and other expenses necessary for Legislative Management and the Auditors of Public Accounts.

Expenditures by Type

General Fund appropriations and the corresponding State expenditures can be categorized into two groups: non-fixed costs and fixed costs. Non-fixed costs can be described as the costs of State administration and include expenditures used directly to operate the facilities and programs of State agencies. This includes such items as salaries and wages for State employees; utility and fuel costs; food; institutional and office supplies; equipment; rent for office space and other facilities; and other current expenses, variable costs and discretionary items.

Fixed costs consist largely of payments for State employee and teacher benefits including pension contributions, retiree health benefits, entitlement programs such as Medicaid, and payments of debt service. For Fiscal Year 2022, Fiscal Year 2023 and Fiscal Year 2024, fixed costs amount to approximately 51.1%, 51.6% and 53.9%, respectively, of total General Fund expenditures. A summary of non-fixed and fixed costs for the General Fund is shown below.

TABLE 1[(a)]
Fixed Costs – General Fund
Summarized by Major Expenditure Category
(In Millions)

	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024
Total Non-Fixed Costs	**$ 10,097.0**	**$ 10,748.0**	**$ 10,511.1**
Fixed Costs:			
Debt Service	2,383.6	2,560.5	2,760.0
Teachers' Pensions	1,443.7	1,578.0	1,554.5
State Employees' Retirement System	1,460.6	1,567.8	1,640.7
Other State Pensions	53.3	59.1	134.3
State and Teachers' OPEB	758.4	759.2	714.7
Medicaid	2,548.6	2,926.4	3,380.7
All Other Entitlement Accounts[(b)]	1,906.4	2,000.0	2,083.4
Total Fixed Costs	**$ 10,554.6**	**$ 11,451.0**	**$ 12,268.4**
Fixed Cost Percent of Total Expenditures	**51.1%**	**51.6%**	**53.9%**

(a) Table 1 includes actual audited expenditures for Fiscal Years 2021-2024.

(b) Includes entitlement programs under the Department of Mental Health and Addiction Services, Department of Development Services, Department of Social Services, Department of Children and Families and adjudicated claims under the Office of the State Comptroller.

NOTE: Totals may not add due to rounding.

SOURCE: OPM

Forecasted Operations

Consensus Revenue Estimates. Pursuant to CGS Section 2-36c, on January 15, 2025, OPM and OFA issued their consensus revision to their November 12, 2024 consensus revenue estimate for the current biennium and the next three ensuing fiscal years as follows:

Fiscal Year:	2025	2026	2027	2028
Revenue Estimate November 12, 2024	$23,379.9	$23,879.7	$24,571.4	$25,323.6
Revenue Estimate January 15, 2025	$23,678.3	$23,939.1	$24,604.1	$25,335.4
Increase in Revenue Estimate	$ 298.4	$ 59.4	$ 32.7	$ 11.8

The projections in the consensus revenue estimates are only estimates and no assurances can be given that future events will materialize as estimated or that subsequent estimates, adjustments or actions of the State will not indicate changes in the final results of the fiscal years reported.

Fiscal Accountability Reports. Fiscal accountability reports were released by OPM and OFA on November 20, 2024. The reports show the level of expenditure change from current year expenditures allowable by consensus revenue estimates in the General Fund, the changes to current year expenditures necessitated by fixed cost drivers which include, generally, pension and other retiree costs, debt service, Medicaid and certain other costs for the Department of Social Services and the Department of Children and Families, and the aggregate changes to current year expenditures required to accommodate such fixed cost drivers without exceeding current revenue estimates.

Both reports estimated revenue in the General Fund exceeding expenditures for Fiscal Year 2025 resulting in a projected surplus of $190.3 million ($107.5 million less than the originally budgeted figure) by OPM and $122.7 million ($175.2 million less than the originally budgeted figure) by OFA.

OFA projected a General Fund surplus of $373.4 million, $791.8 million and $1,294.7 million in each of Fiscal Years 2026 to 2028, respectively. OFA advised that the estimates incorporate the November 2024 consensus revenue estimates as well as the fixed cost methodology required by CGS Section 2-36b. For the projections, only spending on "fixed cost drivers" may increase in the out years; all other spending must remain at the Fiscal Year 2025 level.

The OPM report projected year-over-year revenue growth vs. fixed cost growth beyond Fiscal Year 2026 as follows:

	Fiscal Year 2026 vs. Fiscal Year 2025	**Fiscal Year 2027 vs. Fiscal Year 2026**	**Fiscal Year 2028 vs. Fiscal Year 2027**
Revenue Growth	$ 499.8	$ 691.7	$ 752.2
Less: Total Fixed Cost Growth	503.1	529.5	304.9
Difference	**$ (3.3)**	**$ 162.2**	**$ 447.3**

According to OPM, while revenue growth is anticipated to exceed growth in fixed costs over the Fiscal Year 2026 through Fiscal Year 2028 periods, OPM notes that expenditure growth in areas of the budget that are not considered "fixed" will continue to drive the need to prioritize resources in the short-term.

The OFA report estimated that General Fund fixed costs are projected to grow in the out-years by approximately $249.1 million in Fiscal Year 2026, $273.3 million in Fiscal Year 2027 and $249.3 million in Fiscal Year 2028, projecting an average annual growth rate of 2.0% in Fiscal Year 2026 through Fiscal Year 2028 across all General Fund fixed cost expenditure categories. OFA further noted that revenue growth is expected to outpace fixed cost growth in each year from Fiscal Year 2026 through Fiscal Year 2028.

The OPM report projected the State's spending cap would allow growth in capped expenditures of approximately 5.12% in Fiscal Year 2026 over Fiscal Year 2025, 5.38% in Fiscal Year 2027 over Fiscal Year 2026 and 4.78% in Fiscal Year 2028 over Fiscal Year 2027.

The OPM report further discussed the long-term liabilities facing the State that total approximately $78.9 billion, down $2.7 billion from the level reported in the November 2023 Fiscal Accountability Report, $9.4 billion from the level reported in the November 2022 Fiscal Accountability Report and $16.5 billion from the level reported in the November 2021 Fiscal Accountability Report. The table below details the components of these long-term liabilities:

Long-Term Obligations
(In Billions)

Bonded Indebtedness – As of 6/30/2024	$ 26.0
State Employee Pensions – Unfunded as of 6/30/2024	19.2
Teachers' Pension – Unfunded as of 6/30/2024	15.9
State Employee Post-retirement Health and Life – Net Liability as of 6/30/2023	15.6
Teachers' Post-Retirement Health and Life – Net Liability as of 6/30/2023	1.6
Cumulative GAAP Deficit – As of 6/30/2023	0.6
Total	**$ 78.9**

The reports also estimated general obligation bond authorizations, allocations, issuance and debt service for the current fiscal year and succeeding four fiscal years. The reports estimated fairly stable general obligation bond issuances over the five-year period of $1.6 billion in each year and UConn 2000/Next Generation bond issuances between $0.00 to $0.20 billion in each year with the expenditure on debt service estimated between $2.5 billion and $2.8 billion in each year. In addition, OPM projected the State's aggregate debt subject to the debt limit to range from 77.15% to 79.46% of the debt limit for Fiscal Years 2025 to 2028.

The projections of OPM and OFA are only estimates and no assurances can be given that future events will materialize as estimated, or that subsequent estimates, adjustments, or actions of the State will not reflect changes in the operations of the General Fund or in the estimated or final results of such fiscal years. In addition, the State has a balanced budget requirement, a revenue cap and a spending cap as discussed in the **Financial Procedures** section under the heading **The Budgetary Process –** ***Balanced Budget Requirement***. As such, budgets adopted for future fiscal years will need to comply with those requirements. As a result, the figures included in the report do not represent a projection of the actual financial results that might be expected, but instead serve as a planning tool.

Adopted Budget for Fiscal Years 2024 and 2025

The General Assembly passed a biennial budget bill which the Governor signed into law on June 12, 2023 (the "2023 Budget Act"). Per OFA's fiscal note, the 2023 Budget Act projected revenue of $22,505.3 million in Fiscal Year 2024 and $23,103.7 million in Fiscal Year 2025. The budget made net General Fund appropriations of $22,105.6 million in Fiscal Year 2024, which represented 0.1% growth over Fiscal Year 2023 appropriations and $22,805.9 million in Fiscal Year 2025, which represented 3.2% growth over Fiscal Year 2024 appropriations. The projected surplus was $118.4 million in Fiscal Year 2024 and $9.0 million in Fiscal Year 2025. This projected surplus did not take into account the revenue cap deduction, which limits Fiscal Year 2024 and Fiscal Year 2025 appropriations to 98.75% of projected revenues. Taking into account the revenue cap deduction results in an additional $281.3 million in surplus funds in Fiscal Year 2024 and an additional $288.8 million of surplus funds in Fiscal Year 2025. CGS Section 2-33a sets out the State's expenditure cap. The adopted budget was $10.4 million below the expenditure cap for Fiscal Year 2024 and $11.6 million below the expenditure cap for Fiscal Year 2025.

CGS Section 4-30a sets out the State's volatility cap. The volatility cap diverts excess revenue above a specified threshold from the Pass-Through Entity Tax and excess revenue from the Estimates and Finals portion of the Personal Income Tax from the General Fund to the Budget Reserve Fund or to the pay down of long-term liabilities in accordance with the formula set out in such statute. The 2023 Budget Act projected a volatility cap transfer of $683.2 million in Fiscal Year 2024 and $659.6 million in Fiscal Year 2025.

Midterm Budget Revisions for Fiscal Years 2024 and 2025

On May 8, 2024, the Connecticut General Assembly adjourned its 2024 regular legislative session. As an existing appropriations act for Fiscal Year 2025 was already in place (See **Adopted Budget for Fiscal Years 2024 and 2025** herein), no new appropriations were made for Fiscal Year 2025. However, two budget related acts were passed and signed into law by the Governor.

Public Act No. 24-81 primarily made adjustments to existing allocations of Federal American Rescue Plan Act (ARPA) funds totaling approximately $373.3 million in order to ensure such funds are fully obligated within federally imposed deadlines. The act also contained deficiency appropriations for Fiscal Year 2024 totaling $333.4 million to sixteen agencies within the General Fund while simultaneously de-appropriating $244.3 million in the General Fund in appropriations that were expected to lapse. With these appropriation changes, along with other smaller changes to other funds, the Fiscal Year 2024 budget remained $0.5 million under the State's spending cap.

Public Act No. 24-151 increased existing general obligation bond authorizations by a net $308.7 million in Fiscal Year 2025. This act also increased an existing $95 million revenue transfer from Fiscal Year 2024 to FY 2025 by an additional $110 million to a new total of $205 million. Numerous other smaller revenue, bonding, and municipal policies were adjusted in the act.

Fiscal Year 2024 Operations

Pursuant to the Comptroller's audited statutory based financial report provided on December 31, 2024, as of June 30, 2024, General Fund revenues were $22,716.1 million, General Fund expenditures and net miscellaneous adjustments and reservations (including net appropriations continued and estimated lapses) were $22,315.1 million and the General Fund surplus for Fiscal Year 2024 was $401.0 million. See **FINANCIAL PROCEDURES – Financial Controls – *Unappropriated Surplus – Budget Reserve Fund.***

Governor's Recommended Budget for Fiscal Years 2026 and 2027

On February 5, 2025, the Governor presented to the General Assembly his proposed budget for Fiscal Years 2026 and 2027.

Governor's Recommended Budget
General Fund
(in Millions)

Fiscal Year	2026	2027
Revenues (before revenue cap)	$24,142.6	$25,291.7
Available Revenues (after revenue cap)	23,840.8	24,975.6
Appropriations	23,838.6	24,973.9
Surplus / (Deficit)[(a)]	$ 304.0	$ 317.8
Growth Rate	4.5%	4.8%

[(a)] Surplus / (Deficit) is inclusive of the revenue cap deduction.

Revenues

The Governor's budget proposal includes $203.5 million in revenue increases in Fiscal Year 2026 and $687.6 million for Fiscal Year 2027. As a result of the revenue cap, only $201.0 million in Fiscal Year 2026 and $679.0 million in Fiscal Year 2027 is available for the budget appropriations. The significant revenue changes include:

- Reductions in personal income taxes through changes in the property tax credit resulting in a loss of revenue of approximately $85 million in each year of the biennium.
- Increases in the Corporation Business Tax projected to generate approximately $189.4 million in Fiscal Year 2026 and $171.5 million in Fiscal Year 2027.
- Changes to the Film Production Tax Credit projected to result in a revenue gain of approximately $9.2 million in Fiscal Year 2026 and $17.1 million in Fiscal Year 2027.
- Rebasing the Hospital User Fee from federal Fiscal Year 2016 hospital revenues to federal Fiscal Year 2024 beginning in State Fiscal Year 2027. This change is expected to generate $140 million of health provider revenue in State Fiscal Year 2027. Pairing this with an expenditure item that would reinvest this additional $140 million of revenue into the hospital system via supplemental payments plus another contingent $110 million of additional supplemental payments to hospitals is projected to generate $167.5 million of federal reimbursement revenue in State Fiscal Year 2027.
- Eliminating certain occupational license application and renewal fees beginning October 1, 2025. This is projected to result in a loss of revenue of approximately $18.8 million in Fiscal Year 2026 and $25 million in Fiscal Year 2027.

- Accelerating the elimination of the capital base tax method under the Corporation Business Tax by two years. This change would result in a revenue loss of approximately $15.3 million in Fiscal Year 2026 and $20.4 million in Fiscal Year 2027.
- Transferring $85 million of General Fund revenue to the Municipal Revenue Sharing Fund in Fiscal Year 2026 and another $73 million in Fiscal Year 2027.

Expenditures

The Governor's proposed budget assumes $1,032.8 million in increased expenditures from the Fiscal Year 2025 baseline in Fiscal Year 2026 and an additional $1,135.3 million in expenditures in Fiscal Year 2027. Notable expenditures in the Governor's proposed budget include:

- Increased appropriations to meet Medicaid requirements totaling $418.2 million in Fiscal Year 2026 and $196.4 million in Fiscal Year 2027.
- Increased appropriations for annualization of existing wage agreements and estimated funding for future wage agreements totaling $178.6 million in Fiscal Year 2026 and 104.4 million in Fiscal Year 2027.
- Additional funding for the Teachers' Retirement System as outlined by the actuarial valuation totaling $96.2 million in Fiscal Year 2026 and $49.9 million in Fiscal Year 2027.
- Statutory increases to the education cost sharing formula totaling an additional $86.5 million in Fiscal Year 2026 and $77.9 million in Fiscal Year 2027.
- Revisions to hospital payments, charges, and provider taxes in which total appropriations net to a total of $180.4 million in Fiscal Year 2027.
- Increased appropriations for excess cost and high-quality special education grants totaling $50.0 million in Fiscal Year 2027.
- Increased funding for retired state employees' healthcare costs totaling $52.6 million in Fiscal Year 2026 and $212.0 million in Fiscal Year 2027.

The Governor's proposed budget would be $1.8 million below the expenditure cap for Fiscal Year 2026 and $261.1 million below the expenditure cap for Fiscal Year 2027.

Proposed Budgetary Adjustments With Respect to Fiscal Guardrails The Governor's budget proposal includes an increase to the existing volatility cap threshold beginning in Fiscal Year 2026, which is permissible under current law in certain circumstances and would require an affirmative vote of three-fifths of the members of each chamber of the General Assembly. All other things being equal, this means more revenue from the Estimates and Finals component of the Personal Income Tax and the Pass-through Entity Tax would flow to the General Fund than is the case with the existing threshold.

As part of the Governor's February 5, 2025 proposal, the Governor is proposing that $300 million of the Fiscal Year 2025 unappropriated surplus be transferred to the Universal Preschool Endowment. For Fiscal Year 2026 and each year thereafter, any unappropriated surplus would first be used to fill the Budget Reserve Fund to the statutory maximum of 18% of the current net General Fund appropriations with all remaining unappropriated surplus being dedicated to the Universal Preschool Endowment. This endowment would be managed by the Treasurer and invested similar to the State's pension funds. A maximum 10% of the balance of such endowment would be permitted to be expended per year on expanded preschool access. The proposal would require an affirmative vote of three-fifths of the members of each chamber of the General Assembly. The Fiscal Guardrails themselves cannot be amended (see **STATE DEBT-Statutory Provisions-*Bond Covenant***) but contain certain exceptions. Whether the Governor's proposal is adopted by the legislature, or the final form any such proposal takes, cannot be predicted, but it is expected that any changes will in final form be consistent with the Bond Covenant.

Bond Authorization

The Governor's proposed budget includes several bond authorizations including:

- ***General Obligation*** – a net increase in general obligation bond authorizations totaling $2.017 billion in Fiscal Year 2026 and $2.214 billion in Fiscal Year 2027 which includes:
    - ***Department of Administrative Services --*** $550.0 million in general obligation bond authorizations for the school construction program in Fiscal Year 2026 and $550.0 million in Fiscal Year 2027.
    - ***Department of Economic and Community Development*** -- $120.0 million in general obligation bond authorizations for redevelopment and manufacturing programs in Fiscal Year 2026 and $165.0 million in Fiscal Year 2027;
    - ***Connecticut State Colleges and Universities*** -- $65.0 million in general obligation bond authorizations for the Connecticut State Colleges and Universities in Fiscal Year 2026 and $5.0 million in Fiscal Year 2027;
    - ***Connecticut Technical Education and Career System*** -- $151.7 million in general obligation authorizations for the Connecticut Technical Education and Career System in Fiscal Year 2026 and $73.0 million in Fiscal Year 2027;
    - ***Department of Housing*** -- $400.0 million in general obligation bond authorizations for various housing programs in Fiscal Year 2026 and $400.0 million in Fiscal Year 2027;
    - ***Department of Energy and Environmental Protection*** -- $203.4 million in general obligation bonds in Fiscal Year 2026 and $297.4 million in Fiscal Year 2027;
- ***Clean Water Fund*** – $50.0 million in additional clean water revenue bond authorizations in Fiscal Year 2026 and $50.0 million in Fiscal Year 2027; and
- ***Special Tax Obligation*** -- $1.553 billion in new special tax obligation bond authorizations for transportation purposes in Fiscal Year 2026 and $1.559 billion in Fiscal Year 2027.

In addition to the proposed budget, the Governor also presented a three-year budget report for Fiscal Years 2028, 2029 and 2030. The report indicated out-year projected revenue, expenditures and balances in the General Fund as follows:

Three Year Budget Report
General Fund
(in Millions)

Fiscal Year	**2028**	**2029**	**2030**
Revenues	$26,174.4	$26,740.0	$27,549.4
Expenditures	25,318.1	25,715.4	26,156.3
Surplus / (Deficit)	$ 856.3	$ 1,024.6	$ 1,393.1

Deliberations on the Governor's budget recommendations are expected to continue throughout the legislative session with a scheduled adjournment date of June 4, 2025.

Fiscal Year 2025 Operations

Pursuant to CGS Section 4-66, by the twentieth day of each month, OPM provides projected estimates to the Comptroller of revenues and expenditures for the current fiscal year for use by the Comptroller in preparing the Comptroller's monthly report to the Governor. By statute, the State's fiscal position is reported on or before the first day of each month by the Comptroller. The following summarizes OPM's and the Comptroller's estimates of General Fund revenues; expenditures and miscellaneous adjustments (including net appropriations continued and estimated lapses); and surplus/(deficit) balance in the General Fund for Fiscal Year 2025 as of the referenced ending period in accordance with specific budgetary basis accounting standards set forth by statute, which incorporate new budgeted expenditure accruals consistent with specific statutory reporting requirements:

OPM and Comptroller Estimates Fiscal Year 2025
(in Millions)

	OPM Report			Comptroller Report		
Period Ending[a]	**Revenues**	**Expenditures[b]**	**Surplus/ (deficit)**	**Revenues**	**Expenditures[b]**	**Surplus/ (Deficit)**
October 31, 2024	$23,379.9	$23,189.6	$190.3	$23,379.9	$23,189.6	$190.3
November 30, 2024	$23,379.9	$23,201.1	$178.8	$23,379.9	$23,201.1	$178.8
December 31, 2024	$23,678.3	$23,235.3	$443.0	$23,678.3	$23,235.3	$443.0

(a) Estimates reflect projections as of the period ending date for full Fiscal Year 2025.
(b) Expenditures include net appropriations, continued and estimated lapses and miscellaneous adjustments.

In OPM's January 20, 2025 letter, as of December 31, 2024, prior to taking into account the limit on transfers into the Budget Reserve Fund, the OPM Secretary forecasted the balance in the Budget Reserve Fund as of the end of Fiscal Year 2025 would be approximately $5,951.6 million, or 26.1% of the current net General Fund appropriations, after taking into account the projected operating surplus of $443.0 million and projected volatility cap transfer of $1,403.5 million. The Secretary noted that this balance is expected to exceed the statutory 18% cap for the Budget Reserve Fund next fiscal year and additional transfers to the State Employees' Retirement Fund and/or the Teachers' Retirement Fund are expected during the close-out period for Fiscal Year 2025.

The next report of OPM is expected on or about February 20, 2025 and the next monthly report of the Comptroller is expected on or about March 1, 2025. The projections discussed above are only estimates and no assurances can be given that future events will materialize as estimated, or that subsequent estimates or adjustments by OPM, the Comptroller or other State agencies will not reflect changes in the estimated or final result of Fiscal Year 2025 operations of the General Fund. In addition, adjustments or audit or actions of the State may also result in changes in the final result of Fiscal Year 2025 operations of the General Fund.

Recently, presidential executive orders and memoranda and policies implementing such orders have been issued by federal agencies, departments and organizations potentially impacting the State. On January 27, 2025, the federal Office of Management and Budget issued an internal memorandum (the "OMB Memo") directing federal agencies, to the extent permissible under applicable law, to temporarily pause all activities related to obligation or disbursement of federal financial assistance (including federal grants and loans as defined under the term "Federal financial assistance" in 2 CFR 200.1, but specifically excluding aid to individuals and Social Security and Medicare benefits), creating uncertainty regarding the State's ongoing receipt of federal funding. Subsequently, on January 29, 2025, the federal Office of Management and Budget rescinded the OMB Memo, but indicated the rescission would not end its review of such assistance. The State receives significant federal funding and is unable to predict whether the federal government's review of spending or any additional federal actions or legislative actions will have a material adverse effect on new or existing federal funding programs relied upon by the State or others within the State or the finances or operations of the State. On February 7, 2025, the National Institutes of Health ("NIH") issued supplemental guidance regarding its grants policy purporting to impose a standard indirect cost recovery rate of 15% on all new and existing NIH grants, notwithstanding the previously negotiated rates applicable to such grants. A number of parties, including the State, have challenged this action in the courts. Accordingly, it remains unclear, as of the date hereof, whether and to what extent such supplemental guidance will take effect, whether and to what extent such guidance will impact the State universities and colleges with respect to existing and future grants from NIH, and whether and to what extent similar guidance will be issued with respect to grants from other federal agencies. Reductions in indirect cost recovery rates may result in additional expenditures on the part of the State. Finally, it cannot be predicted whether any laws, rules, regulations, interpretations and policies could be enacted that impact tax policies that may have a material adverse impact on the finances or operations of the State.

General Fund Budget History

The table below summarizes the results of operation of the General Fund on a statutory basis. Summaries of actual revenues and expenditures on the statutory basis for Fiscal Years 2020 through 2024 are set forth in **Appendix II-D**.

TABLE 2
General Fund
Summary of Operating Results — Statutory Basis
(In Millions)

Fiscal Year	2020	2021	2022	2023	2024
Total General Fund Revenues[(a)]	$ 19,193.5	$ 20,531.4	$ 21,990.9	$ 22,822.9	$ 22,716.1
Net Appropriations/Expenditures[(b)]	19,154.8	20,055.6	20,729.6	22,267.6	22,315.1
Operating Surplus/(Deficit)	$ 38.7[(c)]	$ 475.9[(c)]	$ 1,261.3[(c)]	$ 555.3[(c)]	$ 401.0[(d)]

(a) Does not include Restricted Accounts and Federal and Other Grants. See **Appendix II-D-6**.

(b) Does not include expenditures for Restricted Accounts and Federal and Other Grants. Includes Amounts Reserved for Prior Year Appropriations Less Appropriations Carried Forward and Other Adjustments. See **Appendix II-D**.

(c) In accordance with State statute, because the Budget Reserve Fund had reached the statutory limit of 15%, (i) for Fiscal Years 2020 through 2022 the Treasurer determined it was in the best interest of the State to transfer the surplus as an additional contribution to the State Employees' Retirement Fund and (ii) for Fiscal Year 2023, per statute, it was determined to be in the best interest of the State to transfer the surplus as an additional contribution to the Teachers' Retirement System.

(d) In accordance with State statute, because the Budget Reserve Fund reached the statutory limit of 18%, the Treasurer determined it was in the best interest of the State to transfer the remaining $324.9 million of the surplus as follows: $179.0 million as an additional contribution to the State Employees' Retirement Fund and $145.9 million as an additional contribution to the Teachers' Retirement System.

NOTE: Totals may not add due to rounding.

SOURCE: Comptroller's Office

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The table below shows the reconciliation of the actual operations surplus (deficit) under the statutory basis to the GAAP basis of accounting for Fiscal Years 2020 through 2023. The Fiscal Year 2024 reconciliation will be completed when available. Audited GAAP based financial statements for Fiscal Year 2024 will be included in **Appendix II-C** when available.

TABLE 3
General Fund
Summary of Operating Results —Statutory Basis vs. GAAP Basis
(In Millions)

Fiscal Year	2020	2021	2022	2023	2024
Statutory Basis Operating Surplus/ (Deficit)	$ 38.7	$ 475.9	$ 1,261.3	$ 555.3	
Volatility Deposit Budget Reserve Fund	530.3	1,241.5	3,047.5	1,321.8	
Change in Statutory Surplus Reserve	(15.6)	(144.4)	208.2	2.4	
Amortization Payment on GAAP Bonds	75.7	--		--	
Adjustments:					
Increases (decreases) in revenue accruals:					
Governmental Receivables	(80.5)	262.8	(106.8)	158.9	
Other Receivables	(61.5)	775.6	402.9	593.5	
(Increases) decreases in expenditure accruals:					
Accounts Payable and Other Liabilities...............	(306.4)	(2,196.4)	(2,937.6)	1,953.9	
Salaries and Fringe Benefits Payable...................	14.5	17.7	77.5	(96.3)	
Increase (decrease) in Continuing Appropriations.....	(25.4)	619.3	75.8	(143.2)	
Transfer of Prior Year Surplus and BRF 15% Excess	--	(61.6)	(1,618.3)	(4,107.4)	
GAAP Based Operating Surplus/(Deficit).........	$ 169.8	$ 990.4	$ 410.5	$ 238.8	

SOURCE: Comptroller's Office

The table below sets forth on the statutory basis the actual cumulative unreserved fund balance (deficit) for the General Fund for the last five fiscal years.

TABLE 4
General Fund Unreserved Fund Balance —Statutory Basis
(In Millions)

Fiscal Year	2020	2021	2022	2023	2024
Operating Surplus/(Deficit)	$ 38.7	$ 475.9	$ 1,261.3	$ 555.3	$ 401.0
Fund Transfers and Reserves					
Transfers to Budget Reserve Fund..................	0.0	0.0	0.0	0.0	76.0
Transfers from Budget Reserve Fund	0.0	0.0	0.0	0.0	0.0
Transfers to SERF/TRS[(a)]................................	38.7	475.9	1,261.3	555.3	325.0
Total Transfers/Reserves.......................	$ (38.7)	$ (475.9)	$ (1,261.3)	$ (555.3)	$ (401.0)
Unappropriated Surplus/(Deficit)	$ 0.0	$ 0.0	$ 0.0	$ 0.0	$ 0.0

(a) In accordance with State statute, because the Budget Reserve Fund has reached the statutory limit of 15%, (i) for Fiscal Years 2020 to 2022 the Treasurer determined it was in the best interest of the State to transfer the surplus as an additional contribution to the State Employees' Retirement Fund and (ii) for Fiscal Year 2023 per statute, it was determined to be in the best interest of the State to transfer the surplus as an additional contribution to the Teachers' Retirement System. For Fiscal Year 2024, in accordance with State statute, because the Budget Reserve Fund reached the statutory limit of 18%, the Treasurer determined it was in the best interest of the State to transfer the remaining $325.0 million of the surplus as follows: $179.0 million as an additional contribution to the State Employees' Retirement Fund and $146.0 million as an additional contribution to the Teachers' Retirement System.

SOURCE: Comptroller's Office

The table below shows the reconciliation of the actual cumulative unreserved General Fund balance (deficit) under the statutory basis to the GAAP basis of accounting for Fiscal Years 2020 through 2023. The Fiscal Year 2024 reconciliation will be completed when available.

TABLE 5
General Fund Unreserved Fund Balance — Statutory Basis vs. GAAP Basis
(In Millions)

Fiscal Year	2020	2021	2022	2023	2024
Fund Balance (Deficit) Related to Statutory GAAP Budgeting	$ 191.8	$ 191.8	$ 191.8	$ 191.8	
GAAP Based Adjustments					
Additional Assets					
Taxes Receivable					
Income Tax Accrual Reduction	(563.0)	(579.2)	(605.9)	(510.3)	
Eliminate Corporation Accrual	(97.9)	(37.0)	(23.6)	(35.1)	
Additional Taxes Receivable	2.7	5.0	12.5	15.2	
Net Increase (Decrease) Taxes	(658.2)	(611.2)	(617.0)	(530.3)	
Net Accounts Receivable	724.4	744.4	595.7	530.5	
Federal and Other Grants Receivable[(a)]	33.3	296.2	189.5	348.3	
Due From Other Funds	44.6	56.2	63.8	68.7	
Total Additional Assets	$ 144.1	$ 485.6	$ 232.0	$ 417.3	
Additional Liabilities					
Salaries and Fringe Payable	123.5	141.1	218.7	122.3	
Accounts Payable—Dept. of Social Services	--	--	--	--	
Accounts Payable—Trade & Other	(930.8)	(718.5)	(782.1)	(952.1)	
Payable to Federal Government	(505.2)	(679.9)	(495.0)	(379.1)	
Due to Other Funds	(95.6)	(80.8)	(117.6)	(44.2)	
Total Additional Liabilities	$(1,408.1)	$(1,338.1)	$(1,176.0)	$ (1,253.0)	
Unreserved Fund Balance (Deficit) GAAP Basis	$(1,072.2)	$ (660.7)	$ (752.2)	$ (643.9)	

(a) Primarily reimbursement for additional liabilities accrued to federal grant accounts or programs with federal participation, e.g., Medicaid.
SOURCE: Comptroller's Office

The table below sets forth on a GAAP basis the components of the fund balance for the General Fund for Fiscal Years 2020 through 2023. The Fiscal Year 2024 fund balance components will be completed when available.

TABLE 6
General Fund Fund Balances-GAAP Basis
(In Millions)

Fiscal Year	2020	2021	2022	2023	2024
Reserved:					
Budget Reserve	$ 3,012.9	$ 3,112.0	$ 3,313.4	$ 3,315.8	
Future Budget Years	144.4	-	208.2	211.7	
Loans & Advances to Other Funds	51.4	56.3	72.9	72.9	
Inventories	17.2	20.8	21.7	26.3	
Continuing Appropriations	139.1	758.4	834.3	691.1	
Total	$ 3,365.0	$ 3,947.5	$ 4,450.5	$ 4,317.8	
Unreserved:	(1,072.2)	(660.7)	(752.2)	(643.9)	
Total Fund Balance	$ 2,292.8	$ 3,286.8	$ 3,698.3	$ 3,673.9	

SOURCE: Comptroller's Office

STATE DEBT

Constitutional Provisions

The State has no constitutional limit on its power to issue obligations or incur debt, except that it may borrow only for public purposes. There are no reported court decisions relating to State bonded debt other than two cases validating the legislative determination of the public purpose for improving employment opportunities and related activities. The State Constitution has never required a public referendum on the question of incurring debt. Therefore, the CGS govern the authorization and issuance of State debt, including the purpose, the amount and nature thereof, the method and manner of the incurrence of such debt, the maturity and terms of repayment thereof, the security therefor, and other related matters.

Statutory Provisions

Pursuant to various public and special acts, the State has authorized a variety of types of debt. These types fall generally into the following categories: direct general obligation debt, which is payable from the State's General Fund; special tax obligation debt, which is payable from specified taxes and other funds that are maintained outside the State's General Fund; and special obligation and revenue debt, which is payable from specified revenues or other funds that are maintained outside the State's General Fund, including credit revenue bonds secured by a pledge of withholding tax receipts. In addition, the State provides annual appropriation support for, or is contingently liable on, the debt of certain State quasi-public agencies and political subdivisions. Whenever any general statute or public or special act authorizes special tax obligation bonds or general obligations bonds of the State to be used for any purpose, such general statute or public or special act shall be deemed to have authorized such bonds to be issued as either special tax obligation bonds or general obligation bonds; provided in no event shall the total of the principal amount of special tax obligation bonds and general obligation bonds issued pursuant to the authority of any general statute or public or special act exceed the amount authorized thereunder. For purposes of presentation of authorized amounts included in the various tables and discussion herein, bonds are being included in the category in which they were originally authorized. See **OTHER FUNDS, DEBT AND LIABILITIES** for information concerning debt and contingent liabilities on debt other than direct general obligation debt.

Statutory Authorization and Security Provisions. The State issues general obligation bonds pursuant to specific bond acts and CGS Section 3-20 (the "General Obligation Bond Procedure Act" or the "Act"). The Act provides that such bonds shall be general obligations of the State and that the full faith and credit of the State are pledged for the payment of the principal of and interest on such bonds as the same become due. The Act further provides that, as a part of the contract of the State with the owners of such bonds, there is made an appropriation of all amounts necessary for the punctual payment of principal and interest on such bonds, and the Treasurer shall pay such principal and interest as the same become due. In addition, the State may issue bonds secured by a statutory pledge of the State's withholding tax receipts ("credit revenue bonds"). See **Types of Direct General Obligation Debt -- *Credit Revenue Bond Program***.

There are no State constitutional provisions precluding the exercise of State power by statute to impose any taxes, including taxes on taxable property in the State or on income, in order to pay debt service on bonded debt now or hereafter incurred. The constitutional limit on increases in General Fund expenditures for any fiscal year does not include expenditures for the payment of bonds, notes or other evidences of indebtedness. There are also no constitutional or statutory provisions requiring or precluding the enactment of liens on or pledges of the State's General Fund revenues or taxes, or the establishment of priorities for payment of debt service on the State's general obligation bonds. There are no express statutory provisions establishing any priorities in favor of general obligation bondholders over other valid claims against the State.

Statutory Debt Limit. CGS Section 3-21 provides that no bonds, notes or other evidences of indebtedness for borrowed money payable from General Fund tax receipts of the State shall be authorized by the General

Assembly or issued except as shall not cause the aggregate amount of (1) the total amount of bonds, notes or other evidences of indebtedness payable from General Fund tax receipts authorized by the General Assembly but which have not been issued and (2) the total amount of such indebtedness that has been issued and remains outstanding, to exceed 1.6 times the total estimated General Fund tax receipts of the State for the fiscal year in which any such authorization will become effective or in which such indebtedness is issued, as estimated for such fiscal year by the joint standing committee of the General Assembly having cognizance of finance, revenue and bonding. Credit revenue bonds issued pursuant to CGS Section 3-20j shall be considered as payable from General Fund tax receipts of the State for purposes of the debt limit. However, in computing the aggregate amount of indebtedness at any time, there shall be excluded or deducted:

- the principal amount of revenue anticipation notes having a maturity of one year or less,
- refunded indebtedness,
- bond anticipation notes,
- borrowings payable solely from the revenues of a particular project,
- the balances of debt retirement funds associated with indebtedness subject to the debt limit as certified by the Treasurer,
- the amount of federal grants certified by the Secretary of OPM as receivable to meet the principal of certain indebtedness,
- all authorized and issued indebtedness to fund any budget deficit of the State for any fiscal year,
- all authorized debt to fund the tax increment bond program of Connecticut Innovations, Inc.,
- authorized indebtedness issued pursuant to CGS Section 3-62h in connection with abandoned property,
- any indebtedness represented by agreements entered into pursuant to certain provisions of the CGS, provided the indebtedness in connection with which such agreements were entered into shall be included in such aggregate amount of indebtedness,
- any accumulated deficit as determined on the basis of GAAP,
- any indebtedness authorized pursuant to any section of the general statutes or any public or special act that is by its terms not in effect until a future date, provided such indebtedness shall be included from the date such authorization is in effect, and
- all indebtedness authorized and issued pursuant to a declaration by the Governor of an emergency or the existence of extraordinary circumstances and for which at least three-fifths of the members of each house of the General Assembly has voted to authorize such indebtedness.

For purposes of the debt limit statute, all bonds and notes issued or guaranteed by the State and payable from General Fund tax receipts are counted against the limit, except for the exclusions or deductions described above, and certain other debt specifically excluded by statute (see **Table 7**, footnote (a)). In addition, the amount of authorized but unissued debt for the UConn 2000 program is limited to the amount permitted to be issued under the cap under CGS Section 3-21. See ***Types of Direct General Obligation Debt — UConn 2000 Financing Program***. The provisions of CGS Section 3-21 do not prevent the issuance of any indebtedness issued for the purpose of meeting cash flow needs, covering emergency needs in times of natural disaster or funding budget deficits of the State.

The Treasurer is required to compute the aggregate amount of indebtedness as of January 1 and July 1 each year and at other statutorily prescribed times and to certify the results of such computation to the Governor and the General Assembly. If the aggregate amount of indebtedness reaches 90% of the statutory debt limit, the Governor shall review each bond act for which no bonds, notes or other evidences of indebtedness have been issued, and recommend to the General Assembly priorities for repealing authorizations for remaining projects so that the aggregate amount of indebtedness authorized will be below 90% of the statutory debt limit. The General Assembly is not required to act upon such recommendations.

In addition, the Treasurer may not issue general obligation bonds or notes pursuant to the Act or credit revenue bonds pursuant to CGS Section 3-20j that exceed in the aggregate $2.4 billion in any fiscal year, excluding bonds issued for the Connecticut State Colleges and Universities 2020 Program as defined in CGS Section 10a-91c(3) ("CSCU 2020") and UConn 2000 as defined in CGS Section 10a-109c (25), refunding bonds and revenue anticipation bonds. The $2.4 billion limit is subject to prescribed inflationary adjustments for fiscal years commencing on and after July 1, 2024.

Further, the Governor may not approve allotment requisitions that would exceed the foregoing issuance limit.

The total tax receipts for Fiscal Year 2025, as last estimated by the General Assembly's joint standing committee on finance, revenue and bonding, the calculation of the debt limit, the aggregate amount of outstanding debt and of authorized but unissued debt subject to such limit, and the debt incurring margin, all as of February 1, 2025, are described in the following table.

TABLE 7
Statutory Debt Limit
As of February 1, 2025

Total General Fund Tax Receipts	$20,326,300,000	
Multiplier	1.6	
Debt Limit		$32,522,080,000
Outstanding Debt[(a)]	$13,427,615,000	
Guaranteed Debt[(b)]	$1,902,632,369	
Authorized Debt[(c)]	$9,766,978,995	
Total Subject to Debt Limit		$25,097,226,364
Aggregate Net Debt		$25,097,226,364
Debt Incurring Margin[(d)]		$ 7,424,853,636

(a) Excludes Pension Obligation Bonds, UConn 2000 Bonds, tax increment financings, CRDA Bonds, CHFA Supportive Housing Bonds, CHFA Emergency Mortgage Assistance Program Bonds, CHEFA Child Care Facilities Bonds and lease financings other than the Juvenile Training School and the Energy Leases.

(b) Includes guarantees for UConn 2000 Bonds, Municipal Contract Assistance secured by the State's debt service commitment, Small Business Energy Advantage Loans and certain outstanding debt of Southeastern Connecticut Water Authority. See also **OTHER FUNDS, DEBT AND LIABILITIES – Contingent Liability Debt**.

(c) Includes UConn 2000 Bonds secured by the State's debt service commitment that are authorized but unissued under the statutory cap for Fiscal Year 2025.

(d) State debt as a percentage of the statutory debt limit is 77.2%. State debt as a percentage of the statutory debt limit for prior dates were as follows: 2/1/2021 – 80.9%; 2/1/2022 – 80.0%; 2/1/2023 – 72.3%; 2/1/2024 – 74.8%.

SOURCE: State Treasurer's Office

State Bond Commission. The General Obligation Bond Procedure Act establishes the State Bond Commission (the "Commission") and empowers it to authorize the issuance of general obligation bonds and credit revenue bonds for purposes and in amounts and subject to other limits established by the legislature in a bond act. The Commission consists of the Governor, the Treasurer, the Comptroller, the Attorney General, the Secretary of OPM, the Commissioner of Administrative Services, and the Co-Chairpersons and Ranking Minority Members of the Joint Standing Committee on Finance, Revenue and Bonding of the General Assembly. The Secretary of OPM serves as secretary to the Commission.

- Upon authorization, the principal amount of bonds so authorized is deemed to be appropriated for such purpose or project and, subject to allotment thereof by the Governor, contracts may be awarded and obligations incurred with respect to the project or purpose in amounts not exceeding the authorized principal amount. Such contracts and obligations may at any particular time exceed the amount of the bond proceeds received by the State up to that time. The Commission also determines the terms and conditions of the bonds authorized or delegates such determination to the Treasurer. The Commission is scheduled to meet monthly and has the authority to call special meetings. The Commission may not authorize bond issuances or credit revenue bond issuances of greater than $2.4 billion in the aggregate in any fiscal year, subject to certain exclusions and inflationary adjustments.

Bond Covenant. Pursuant to CGS Section 3-20(bb), each fiscal year during which general obligation bonds or credit revenue bonds of the State issued on and after July 1, 2023, and prior to July 1, 2025 are outstanding, the State is required to comply with the following provisions, and include a covenant in such bonds (the "Bond Covenant") (which is applicable through June 30, 2033 or, unless a resolution of the General Assembly is adopted on or after January 1, 2028 and prior to July 1, 2028 to not continue it beyond June 30, 2028) that no public act or special act of the general assembly taking effect during the time the covenant is in place, shall alter the obligation of the State to comply with the following provisions:

- CGS Section 4-30a (funding of the Budget Reserve Fund and permissible expenditures therefrom)
- CGS Section 2-33a (spending cap)
- CGS Section 2-33c (revenue cap of 98.75% of estimated revenues on General Fund and Special Transportation fund aggregate appropriations)
- CGS Section 3-20(d) and (g) (limitation of $2.4 billion on the authorization of bonds by the Commission in any fiscal year and general Commission provisions)
- CGS Section 3-21 (the debt limit, including the limitation on the issuance by the State of general obligation bonds pursuant to CGS Section 3-20 or credit revenue bonds pursuant to CGS Section 3-20j to $2.4 billion in each fiscal year subject to certain exclusions and inflation adjustments) (collectively, the "Fiscal Guardrails")

Alterations of the foregoing requirements are permissible (i) if and when adequate provision is made by law for the protection of the holders of the bonds, or (ii) (1) if and when the Governor declares an emergency or the existence of extraordinary circumstances, (2) at least three-fifths of the members of the General Assembly vote to alter such required compliance during the fiscal year for which the emergency or existence of extraordinary circumstances are determined, and (3) any such alteration is for the fiscal year in progress only.

Types of Direct General Obligation Debt

General Obligation Bonds. Pursuant to various public or special bond acts, the General Assembly empowers the Commission to authorize bonds for a variety of projects or purposes. Each bond act is usually specific as to its projects or purposes and the amount of bonds to be issued therefor, although each bond act may contain several projects or purposes. Each bond act also generally sets forth a maximum maturity of the bonds.

The types of projects and purposes for which the State has authorized general obligation debt include the following: acquisition, construction, renovation and improvement of buildings and facilities for State departments and agencies, educational institutions, prisons, college and university facilities, library facilities and courthouses, acquisition of development rights to preserve open space and farmland, and the provision of grants and loans to promote economic development within the State. Some bonds authorized for university and college facilities are self-liquidating, and certain fees and charges collected by the college or university are set aside and used to service the debt on these bonds. Bonds are also authorized to fund a wide variety of grant programs. Such grants are made to local governments for local school construction projects or to finance a variety of local government, economic development, highway, bridge and other capital improvement projects. Certain bonds are authorized to finance grants and loans to local housing authorities and developers of affordable housing. Other general obligation debt finances grants and loans to municipalities for design and construction of water pollution control facilities, in addition to loans that are financed under the State's Clean Water revenue bond program.

Credit Revenue Bond Program. The State may issue credit revenue bonds secured by a statutory gross pledge of the State's withholding tax receipts to fund its capital projects. These receipts will be paid into segregated pledged accounts from which the trustee for the credit revenue bonds will withdraw amounts to be set aside for debt service on the credit revenue bonds. Withholding tax revenues withdrawn to be set aside for debt service on the credit revenue bonds will not be available to pay debt service on general obligation bonds. Amounts in the segregated pledged accounts in excess of the amounts withdrawn for debt service will be swept daily into other accounts of the State, free of the credit revenue bond lien and available for all purposes of the General Fund, including payment of debt service on the State's general obligation bonds. The credit revenue bonds will have no claim on any other revenues of the State and will not be subject to acceleration. The credit revenue bonds may be issued for any purpose for which general obligation bonds are authorized, including refunding bonds, and, if issued, would be in lieu of general obligation bonds. Credit revenue bonds will be authorized in the same manner as general obligation bonds, and accounted for within the State's General Fund. The credit revenue bonds will be treated as general obligation bonds for purposes of the State bond cap, and therefore do not represent an avenue for additional bond issuance. Issuance of credit revenue bonds is subject to an additional bonds test requiring a debt service coverage ratio of three times. As of February 1, 2025, no credit revenue bonds have been issued and the State has no current plans to issue such bonds.

Teachers' Retirement Fund Pension Obligation Bonds. In April 2008 the State issued $2.29 billion of bonds to fund up to $2 billion of the unfunded accrued liability in the Teachers' Retirement Fund plus capitalized interest and issuance costs. As of February 1, 2025, $2.00 billion (reflecting the accreted value) of such bonds were outstanding. The bonds are general obligations of the State, but are excluded from the calculation of the statutory debt limit.

UConn 2000 Financing Program. The University of Connecticut ("University") is a separate corporate entity and instrumentality of the State empowered to issue bonds and construct certain infrastructure improvements at the University's various campuses. Known as "UConn 2000", the infrastructure improvement program now is estimated to cost $5,257.3 million to be financed over a thirty-six year period, beginning in Fiscal Year 1996. The UConn 2000 program contemplates total issuance of $4,920.9 million general obligation bonds of the University secured by the State's debt service commitment, which is an annual amount for any debt service requirements when due and payable. Under the enabling legislation, appropriations of all amounts of the State's debt service commitment are made out of the resources of the State's General Fund and the Treasurer is obligated to make such payments. For this reason, general obligation borrowings by the University that are secured by the State's debt service commitment are treated as part of the State's general obligation debt and are reflected in Tables 8 through 14. The amount of the University's bonds secured by the State's debt service commitment is capped for each fiscal year, but any amount not used may be carried forward to future fiscal years. As of February 1, 2025, $4,738.7 million of such debt secured by the State's debt service commitment had been issued (including refunding bonds), of which $1,579.9 million remain outstanding, with a remaining authorization of $876.9 million, of which $306.9 million is allocated. It is anticipated that additional authorizations will become effective in future fiscal years.

Special obligation bonds of the University are secured by particular revenues of the University and are not subject to the cap on the University's general obligation debt service commitment bonds and are not counted against the State's debt limit.

The General Assembly has and may continue to authorize capital improvements for the University in addition to the UConn 2000 Program. General obligation bonds authorized for such purposes are reflected in the Authorized but Unissued Direct General Obligation Debt shown in **Table 12**. However, the construction of a new $203 million ambulatory care center at the University of Connecticut Health Center authorized in 2011 but financed through a lease financing through the University of Connecticut Health Center Finance Corporation is not reflected in **Table 12**.

Lease Financing. The State has issued certificates of participation for the development of courthouse facilities (none of which are outstanding) and an energy facility at a juvenile training school, each based upon State rental payments under a lease purchase agreement between the State and the project developer. The State has treated this method of lease financing as general obligation debt. The State is evaluating opportunities for the lease financing of energy improvements under existing statutory authorizations. The State has entered into other leasing arrangements for the development of government facilities that are not treated as general obligation debt, most often in circumstances where the lease is an operating lease or the State is not a participant in the securitization of rental payments under the lease.

Tax Increment Financing. Connecticut Innovations, Inc. ("CI") is authorized to issue tax increment bonds for certain types of economic development projects. Under the program the amount of such bonds that may be issued is limited so that the debt service on the bonds may not exceed the estimated increases in the sales tax and the admissions, cabaret and dues taxes generated by the project and allocated by CI for debt service on the bonds. Debt service on the bonds is required to be paid from such tax receipts (whether or not the actual tax receipts equal or exceed the estimated amount) and is deemed appropriated from the General Fund. The State has classified such tax increment bonds as general obligation debt. No such tax increment bonds may be issued without the approval of the Commission. Such tax increment bonds are not reflected in Table 7, but are reflected in Tables 8 through 12.

Supportive Housing Financing. The Connecticut Housing Finance Authority ("CHFA") in conjunction with other state agencies developed a collaborative plan to create affordable housing and support services for specified eligible persons. The program is to be funded in part through mortgages, tax credits and grants from CHFA and the Department of Economic and Community Development. CHFA is authorized to issue bonds in support of the program and the Commission has authorized the Treasurer and OPM to enter into a contract to provide State assistance and pay debt service on the bonds in the form of payments of principal, interest, interest swap payments, liquidity fees, letter of credit fees, trustee fees and other similar bond-related expenses. Bonds supported by such State assistance may not exceed $105 million in the aggregate. As of February 1, 2025, $24.6 million of such bonds were outstanding. Any provision in the contract providing for the payment of annual debt service constitutes a full faith and credit obligation of the State, and any bonds for which the State provides assistance are excluded from the calculation of the statutory debt limit.

Emergency Mortgage Assistance Program. CHFA is authorized to issue up to $50 million of bonds to fund an Emergency Mortgage Assistance Program and the Treasurer and OPM are required to enter into a contract to provide State assistance to pay debt service on such bonds in the form of payments of principal, interest, interest swap payments, liquidity fees, letter of credit fees, trustee fees and similar bond-related expenses. As of February 1, 2025, the entire $50 million had been issued, of which $21.2 million is outstanding. Any provision in the contract providing for the payment of annual debt service constitutes a full faith and credit obligation of the State, and any bonds for which the State provides assistance are excluded from the calculation of the statutory debt limit.

Economic Recovery Notes. The Treasurer is authorized from time to time to issue notes to fund budget deficits of the State. Currently, no such authorization is in place and no notes are outstanding.

Municipal Contract Assistance. The Municipal Accountability Advisory Board ("MARB") supervises distressed municipalities in the State. The State, acting through the Treasurer and the Secretary of OPM, is authorized to enter into contract assistance agreements with municipalities operating as "Tier III" or "Tier IV" municipalities under the MARB. Such contract assistance may provide for payment by the State of all or a portion of annual debt service on refunding bonds issued to refund outstanding indebtedness of such a municipality, plus costs of issuance. The State is also authorized to provide alternate forms of credit support, provided the alternate support is not in excess of the amount of contract assistance otherwise available. The contract assistance would be deemed appropriated, and would constitute the full faith and credit obligation of the State. Currently, the City of West Haven is a "Tier IV" municipality; however, the State does not have a contract assistance with the City of West Haven. In March 2018, the State and the City of Hartford, then a "Tier III" municipality, entered into an agreement that obligates the State to make payments equal to principal and interest, when due, on all of Hartford's then outstanding general obligation bonds, with the State retaining the right to restructure the outstanding debt in the future. As of February 1, 2025, Hartford's outstanding debt subject to this agreement is approximately $318.2 million. This contract assistance program is in addition to, but not in duplication of, assistance available to municipalities and described under **OTHER FUNDS – *Assistance to Municipalities***.

Certain Short-Term Borrowings. The CGS authorize the Treasurer, subject to the approval of the Governor, to borrow such funds, from time to time, as may be necessary, and to issue obligations of the State therefor, which shall be redeemed by the Treasurer whenever, in the opinion of the Treasurer, there are funds in the treasury available for such purpose, or not later than two years from the date of issuance, whichever is earlier. The State has established programs of temporary note issuances and credit facilities from time to time to cover periodic cash flow requirements. No temporary notes are outstanding and no such credit facilities are in effect.

Other Forms of Debt. In addition to the bonds, notes and lease financings described above, the Treasurer has the authority to issue refunding bonds, bond anticipation notes, and capital appreciation bonds. The Act provides that the Treasurer may issue temporary notes and any renewals thereof in anticipation of the proceeds from the sale of bonds whenever the Commission has adopted a resolution authorizing bonds. The Treasurer is also authorized by the Act to issue refunding bonds whenever the Treasurer finds that a refunding is in the best interests of the State and that the State reasonably expects to achieve net debt service savings as a result of such refunding.

Certain of the State's general obligation bonds were issued as capital appreciation bonds. Capital appreciation bonds are issued at a deep discount and interest on the bonds is compounded semi-annually and only paid at maturity. For purposes of the State's debt tables, the interest that has accrued on capital appreciation bonds up to the date of the table is added to the principal amount of the State's outstanding debt. Pursuant to State statute, accrued interest on UConn 2000 capital appreciation bonds is excluded from the calculation of the statutory debt limit.

Credit Support and Derivatives. The Treasurer, with the authorization of the Commission, has the power to enter into reimbursement and similar agreements in connection with liquidity or credit facilities and to pledge the full faith and credit of the State or other collateral to secure the State's payment obligations under any such agreement. The Treasurer, with the authorization of the Commission, has the power to enter into contracts to place the obligation of the State as represented by bonds or notes of the State, on such interest rate or cash flow basis as the Treasurer may determine, including swap agreements and other arrangements to manage interest rate risk. When any such arrangement is entered into, the counter-party to the arrangement must have a rating on its unsecured long-term obligations that is the same as or higher than the underlying rating of the State on the applicable bonds. The Commission may authorize the Treasurer to pledge the full faith and credit of the State and any other collateral pledged to secure the applicable bonds to also secure the State's payment obligations under any such contract. The State has entered into swap agreements in connection with various bond issues, but currently has no swap agreements in place in connection with its general obligation bonds.

Debt Statement. The following table shows all direct general obligation indebtedness (including the accreted value of capital appreciation bonds) for the payment of the principal and interest on which the State has pledged its full faith and credit or which is otherwise payable from the State's General Fund.

TABLE 8
Direct General Obligation Indebtedness[a]
Principal Amount Outstanding As of February 1, 2025
(In Thousands)

General Obligation Bonds	$13,226,172
Pension Obligation Bonds	2,003,780
UConn 2000 Bonds	1,579,855
Other[b]	258,828
Long-Term General Obligation Debt Total	17,068,635
Short-Term General Obligation Debt Total	-0-
Gross Direct General Obligation Debt	17,068,635
Net Direct General Obligation Debt	$17,068,635

(a) The table does not include refunded bonds for which escrow funds and investments are sufficient to pay all debt service. The table also does not include limited or contingent liabilities of the State or obligations of the State to towns for participation in the construction and alteration of school buildings. See **OTHER FUNDS, DEBT AND LIABILITIES**.

(b) "Other" includes miscellaneous general obligation debt, lease financings, tax increment financings, CHFA Supportive Housing Bonds and CHFA Emergency Mortgage Assistance Program Bonds. However, it does not include CRDA Bonds or CHEFA Child Care Facilities Bonds or Municipal Contract Assistance secured by the State's debt service commitment. See **OTHER FUNDS, DEBT AND LIABILITIES – Other Debt Service and Contractual Commitments**.

Debt Ratios. The following table sets forth certain ratios relating to the State's gross and net direct general obligation indebtedness:

TABLE 9

Outstanding Long-Term General Obligation Debt Ratios

Fiscal Year	2020	2021	2022	2023	2024
Gross Direct Debt (In Thousands)[a]	$18,773,733	$18,799,680	$18,596,012	$17,840,779	$17,136,057
Ratio of Debt to Personal Income[b]	68.0%	63.8%	60.6%	54.8%	52.7%
Ratio of Debt to Estimated Full Value of Equalized Grand List[c]	32.7%	32.1%	28.7%	24.7%	21.6%
Per Capita Debt[d]	$5,237	$5,216	$5,151	$4,930	$4,714

(a) Includes gross direct general obligation bonded indebtedness outstanding as of June 30 of each fiscal year as set out in **Table 11** which includes bonds that are considered self-liquidating.

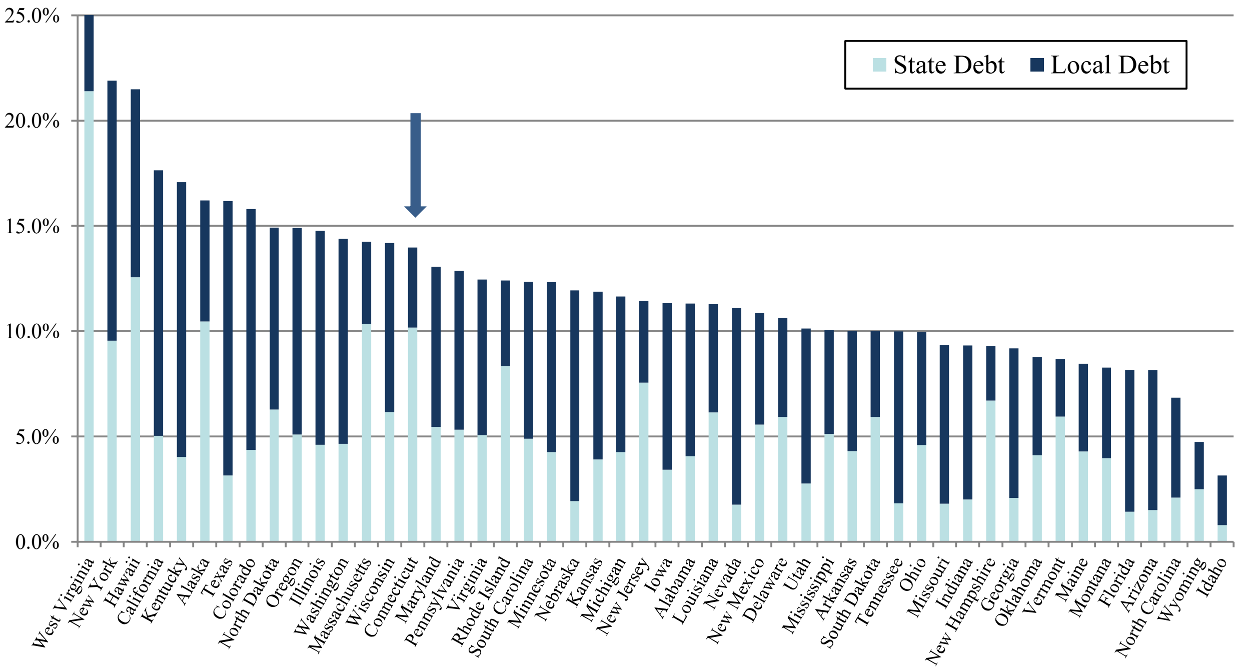
(b) See **Appendix II-B, Table B-2**. Personal Income: 2020 - $275.9 billion; 2021 - $294.6 billion; 2022 - $306.7 billion and 2023 - $325.3 billion. The 2024 ratio uses 2023 data.

(c) Full value estimated by OPM. Uses final equalized net grand lists: 2018 - $573.5 billion, 2019 - $586.0 billion, 2020 - $647.0 billion, 2021 - $723.1 billion and 2022 - $792.5 billion. Property is assessed as of October 1 in each year for the tax levy effective the following July 1. The 2020 ratio uses 2018 data; 2021 ratio uses 2019 data; 2022 ratio uses 2020 data; 2023 ratio uses 2021 data and 2024 ratio uses 2022 data.

(d) See **Appendix II-B, Table B-1**. State population in thousands: 2020 - 3,585; 2021 - 3,604; 2022 - 3,610; 2023 - 3,619; and 2024 – 3,635.

Aggregate State and Local Debt. The following table sets forth the per capita aggregate debt level of each state, including debt issued at both the state and local levels, compared to per capita personal income within the state. As the chart shows, the State of Connecticut is 35th among all states in a ranking of states with the least aggregate debt per capita as a percentage of per capita personal income. The chart below also indicates that the State has the sixth lowest ratio of per capita local debt to per capita personal income and second lowest ratio of local debt to aggregate debt. This is due in part to the State's practice of financing school construction primarily at the state level and the absence of county-level government in the State.

TABLE 9a(a)(b)
Combined State and Local Debt Compared to State Personal Income



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(a) The percentages along the vertical axis are calculated by dividing per capita aggregate debt over per capita personal income. Population figures used in the underlying calculations are the population estimates as of July 1, 2023 from the U.S. Census Bureau, Population Division. State and local debt figures used in the underlying calculations are from the U.S. Census Bureau, 2022 Annual Surveys of State and Local Finances. Per capita income figures used in the underlying calculations are from the Bureau of Economic Analysis as of calendar year 2023.

(b) The Census Bureau state and local debt figures include debt obligations of all dependent agencies of the state and local government, respectively, including agencies, boards, commissions, or other organizations, regardless of the responsibility for debt service. This differs from the components of debt in other places within this Information Statement.

SOURCE: United States Department of Commerce, Bureau of Economic Analysis; U.S. Census Bureau

Debt Service Schedule. The following table sets forth the principal, sinking fund and interest payments required on all outstanding long-term direct general obligation debt of the State, as of February 1, 2025. Although not specifically reflected as a result of combining all outstanding long-term direct debt, the State generally issues general obligation bonds maturing within twenty years. The exceptions include refunding bonds, thirty-year Rental Housing Term Bonds and certain other bonds with maturities of less than twenty years where required by statute or in instances where the expected period of usefulness of the project or purpose financed does not warrant a maturity of twenty years.

TABLE 10
Summary of Principal, Mandatory Sinking Fund Payments, and Interest on Long-Term Direct General Obligation Debt(a)
As of February 1, 2025

Fiscal Year	Principal Payments[b]	Interest Payments[b][c]	Total Debt Service
2025	$ 841,972,437	$ 404,292,096	$ 1,246,264,532
2026	1,692,425,000	733,367,764	2,425,792,764
2027	1,647,665,000	655,947,639	2,303,612,639
2028	1,593,665,000	578,573,541	2,172,238,541
2029	1,539,900,000	503,458,256	2,043,358,256
2030	1,495,290,000	429,903,459	1,925,193,459
2031	1,443,350,000	360,681,355	1,804,031,355
2032	1,351,970,000	292,642,663	1,644,612,663
2033	909,280,000	226,524,972	1,135,804,972
2034	811,830,000	187,435,766	999,265,766
2035	717,945,000	152,121,278	870,066,278
2036	624,270,000	120,860,501	745,130,501
2037	523,690,000	95,179,824	618,869,824
2038	420,630,000	73,775,713	494,405,713
2039	354,330,000	55,984,863	410,314,863
2040	308,090,000	41,005,413	349,095,413
2041	253,090,000	27,813,513	280,903,513
2042	190,080,000	17,525,613	207,605,613
2043	131,225,000	9,375,225	140,600,225
2044	93,725,000	4,791,050	98,516,050
2045	40,000,000	1,000,000	41,000,000
Totals	$ 16,984,422,437	$ 4,972,260,503	$ 21,956,682,939

(a) Includes long-term general obligation debt as outlined in **Table 8**. The future principal payments ($16,984,422,437) plus accreted interest ($84,212,906) total the amount of such long-term debt ($17,068,635,343) as shown in Table 8. See footnotes (b) and (c) for further explanation.

(b) Principal payments include aggregate stated initial values of capital appreciation bonds. Interest payments include the difference between the aggregate stated initial values and the aggregate maturity amounts of capital appreciation bonds. Capital appreciation bonds mature in Fiscal Year 2025.

(c) Some of the State's direct debt pays interest at variable rates. For purposes of this Table 10, the interest on such debt is calculated based on the following assumed average rates:

Year Issued	Amount Issued	Amount Outstanding	Maturities	Assumed Average Interest Rate
2013	$ 244,570,000	$ 20,000,000	2025	4.75%
2016	300,000,000	229,475,000	2025-2034	4.75
2017	300,000,000	231,055,000	2025-2037	4.75
Totals	$ 844,570,000	$ 480,530,000		

SOURCE: State Treasurer's Office

Outstanding Long-Term Direct General Obligation Debt. The following table sets forth the total long-term direct general obligation debt outstanding at the end of each of the last ten fiscal years.

TABLE 11
Outstanding Long-Term Direct General Obligation Debt
As of June 30
(In Thousands)

Fiscal Year	Gross Debt
2015	$16,879,336
2016	17,704,949
2017	18,534,494
2018	18,723,853
2019	18,705,288
2020	18,773,733
2021	18,799,680
2022	18,596,012
2023	17,840,779
2024	17,136,057

SOURCE: State Treasurer's Office

Future Issuance of Direct General Obligation Debt. The General Assembly has empowered the Commission to authorize direct general obligation bonds pursuant to certain bond acts. The table below shows, as of February 1, 2025, the amount of bonds authorized by the legislature, the amounts allocated by the Commission, the amount of bonds issued and applicable remaining amounts. The table also shows the same information for UConn 2000 bonds secured by the State's debt service commitment authorized to be issued under the cap through June 30, 2025.

TABLE 12
Authorized but Unissued Direct General Obligation Debt
As of February 1, 2025
(In Thousands)

	State Direct Debt[(a)]	Pension Obligation Bonds	UCONN 2000[(b)]	Tax Increment[(c)]	Total
Amount Authorized by Legislature	$52,350,817	$2,276,578	$4,043,092	$74,750	$58,745,237
Amount Allocated by Commission	47,618,129	2,276,578	4,043,092	74,750	54,012,549
Available for Commission Allocation	4,732,688	0	0	0	4,732,688
Amount Authorized by Legislature	52,350,817	2,276,578	4,043,092	74,750	58,745,237
Amount Issued	42,904,278	2,276,578	3,736,192	68,040	48,985,088
Authorized by Legislature but Unissued	9,446,539	0	306,900	6,710	9,760,149
Amount Allocated by Commission	47,618,129	2,276,578	4,043,092	74,750	54,012,549
Amount Issued	42,904,278	2,276,578	3,736,192	68,040	48,985,088
Allocated by Commission but Unissued	4,713,851	0	306,900	6,710	5,027,461

(a) Includes CHFA Supportive Housing Bonds and CHFA Emergency Mortgage Assistance Program Bonds. Excludes CRDA Bonds, CHEFA Child Care Facilities Bonds and lease financings.
(b) Includes new money bonds that may be issued under the cap in effect on the date of the table. The amount available for authorization does not include additional amounts which may exceed the cap to finance reserve funds, issuance costs and capitalized interest. The amount issued has been adjusted to reflect increases due to closing costs and decreases due to premiums.
(c) The amount of tax increment bonds authorized is based on the amount authorized by the Commission, since there is no statutory amount of authorization.

SOURCE: State Treasurer's Office; OPM

The General Assembly authorizes bonds in various public and special acts each year or each biennium. In addition to authorizing bonds for new projects and purposes, the General Assembly reviews prior authorizations and may repeal certain projects and bond authorizations or otherwise reduce prior bond authorizations. The following table and graph list the amount of new authorizations of general obligation debt that take effect during the fiscal year listed, and the net amount after subtracting prior bond authorizations that have been repealed or reduced. Pension obligation bonds and economic recovery notes are not included since they are not recurring authorizations.

TABLE 13

Statutory General Obligation Bond Authorizations and Reductions[(a)]
(In Millions of Dollars)

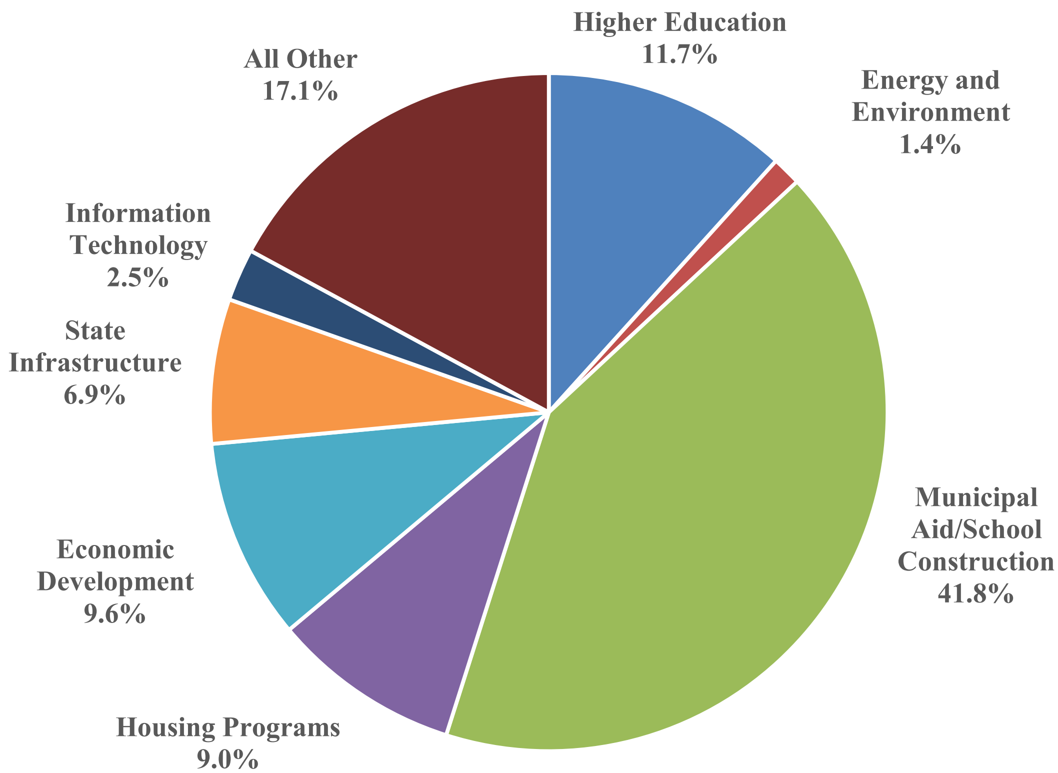
Fiscal Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
New Authorizations	2,391.5	2,661.3	1,875.6	1,800.0	1,895.4	1,903.5	2,174.5	2,541.8	2,659.8	2,822.5
Reductions	(272.5)	(985.7)	(263.3)	(406.3)	(3.4)	0.0	(156.2)	(410.5)	(73.0)	(55.8)
Net New Authorizations	2,119.0	1,675.6	1,612.3	1,393.7	1,892.0	1,903.5	2,018.3	2,131.3	2,586.8	2,766.7

(a) Does not include Pension Obligation Bonds, Economic Recovery Notes, lease financings, tax increment or cash flow borrowings. Includes amount for UConn 2000 Bonds available under the cap for Fiscal Years 2016 through 2025, as amended, but does not include additional amounts which may exceed the cap to finance reserve funds, issuance costs and capitalized interest. Amounts are listed in the fiscal year that the bond authorizations become effective. Does not include any authorizations which take effect after Fiscal Year 2026. See **Table 14.**

Source: OPM

TABLE 14

General Obligation Bond Allocations for Fiscal Years 2020 – 2024



SOURCE: OPM

OTHER FUNDS, DEBT AND LIABILITIES

The State conducts certain of its operations through State funds other than the State General Fund and may issue debt secured by the special taxes or revenues pledged to certain of such funds. In addition, the State is contingently liable, or has limited liability, from the resources of the State's General Fund, for payment of debt service on certain obligations of quasi-public State agencies and municipalities of the State. The State also has committed to pay debt service on loans to finance certain child care facilities and has committed to certain municipalities to make future grant payments for school construction projects, payable over a period of years, and has certain other contingent liabilities for future payments.

Special Transportation Fund and Debt

The Transportation Infrastructure Program was created in 1984 and included the authorization of Special Tax Obligation ("STO") bonds to finance the program. The Transportation Infrastructure Program is a continuous program for the planning, construction and improvement of transportation infrastructure, and is administered by the Department of Transportation.

The cost of the Transportation Infrastructure Program for Fiscal Years 2020-2029, which will be met from federal, State and local funds, is currently estimated at $25.1 billion. The State's share of such cost, estimated at $14.9 billion, is to be funded from the proceeds of STO bonds and from transportation-related taxes, fees and revenues deposited in the Special Transportation Fund, as described below. The portion of State program costs not financed by STO bonds is estimated at $0.2 billion and includes the expenses of the transportation infrastructure program that either are not sufficiently large or do not have a long enough life expectancy to justify the issuance of long-term bonds.

It is estimated that an additional $5.5 billion of STO bonds will be issued to fund the State's share of the cost of the infrastructure program through Fiscal Year 2029. As of February 1, 2025, there is $7.7 billion of authorized but unissued STO bonds. While current appropriations are adequate to provide for expenditures through the projection period, additional appropriations, including the authorization of additional STO bonds, will be required before the end of the projection period in order to continue the multi-year planning required for expenditures beyond the end of the projection period.

The State has established the Special Transportation Fund for the purpose of budgeting and accounting for all transportation-related taxes, fees and revenues credited to such Fund and securing the STO bonds. STO bonds are payable solely from revenues of the Special Transportation Fund and other pledged receipts, funds or moneys. The aggregate of certain transportation related taxes and other transportation related revenue sources, and any direct pay federal interest subsidy received by the State in connection with the issuance of any taxable STO bonds (Build America Bonds) are intended to cover the cost of the State's share of the infrastructure program, including debt service requirements on STO bonds.

The table below shows the amount of STO bonds authorized by bond acts in effect, the amount the Commission has allocated, the amount of bonds issued, the balance remaining of authorized but unissued, the balance remaining of allocated but unissued, and the amount outstanding. It is anticipated that additional STO bonds will be authorized by the General Assembly annually in an amount necessary to finance the ongoing Transportation Infrastructure Program. Such additional bonds may be issued on an equal rank with the outstanding bonds provided certain pledged revenue coverage requirements of the STO bond indentures controlling the issuance of such bonds are met.

TABLE 15
Special Tax Obligation Bonds
As of February 1, 2025
(In Millions of Dollars)

	New Money
Amount Authorized by Legislature[(a)]	24,903.2
Amount Allocated by the Commission	23,541.6
Available for Commission Allocation	1,361.6
Amount Authorized by Legislature[(a)]	24,903.2
Amount Issued[(b)]	17,200.2
Authorized by Legislature but Unissued	7,703.0
Amount Allocated by the Commission	23,541.6
Amount Issued[(b)]	17,200.2
Allocated by the Commission but Unissued	6,341.4
Amount Outstanding	8,023.9

(a) Refunding Bonds do not require legislative approval.
(b) Excludes the issuance of refunding bonds.

SOURCE: State Treasurer's Office

In 2015, legislation created a new statutory transportation "lock box" that established the Special Transportation Fund as a perpetual fund, the resources of which are to remain in the Special Transportation Fund and to be expended solely for transportation purposes, including the payment of debt service. All sources of moneys required by State law to be credited to the Special Transportation Fund after June 29, 2015 are to continue to be credited to such fund to the extent the State collects or receives such moneys. Further, at a referendum held November 6, 2018, the electors approved an amendment to the Constitution of the State "to ensure (1) that all moneys contained in the Special Transportation Fund shall be used solely for transportation purposes, including debts of the State incurred for transportation purposes, and (2) that sources of funds deposited in the Special Transportation Fund be deposited in said fund so long as such sources are authorized by statute to be collected or received by the state." Note that a new source of funds is not subject to the "lockbox" until it has begun to be credited, deposited or transferred to the Special Transportation Fund (the "First Receipt Date"). Until the First Receipt Date, a new law can be enacted to use the new source of funds for another purpose.

Other Special Revenue Funds and Debt

Bradley International Airport. Bradley International Airport (the "Airport"), located in Windsor Locks, Connecticut, is owned and operated by the Connecticut Airport Authority ("CAA"), a quasi-public authority of the State. The General Assembly authorized the issuance of revenue bonds for improvements at the Airport payable from all or a portion of the revenues generated at the Airport. No such bonds are outstanding. See ***Quasi-Public Agencies - Connecticut Airport Authority ("CAA")***. Additional special obligation bonds to finance self-sustaining special facilities at the Airport payable solely from the revenues derived from such special facilities were authorized in 1993. No such bonds are currently outstanding.

State Revolving Fund ("SRF"). The General Assembly has authorized the issue of revenue bonds for the purpose of funding various State and federally mandated water pollution control and drinking water projects for up to $4,511.1 million, of which $2,466.6 million have been issued. The revenue bonds are payable solely from the revenues or other receipts, funds or moneys of the SRF. The proceeds of the revenue bonds are loaned primarily to Connecticut municipalities and public water systems to finance water pollution control and drinking water improvements, and the loan repayments by the municipalities and public water systems secure the revenue bonds. The loan obligations of the municipalities and public water systems are secured by either the full faith and credit of each such entity, or the revenues and other funds of a municipal sewer or public water system. As of February 1, 2025, $655.6 million revenue bonds were outstanding (including refunding bonds).

Unemployment Compensation. The State pays unemployment compensation benefits from the State's Unemployment Compensation Fund, which is funded by unemployment compensation taxes collected from employers. To fund possible shortfalls, the Unemployment Compensation Fund may receive advances from the federal government; in addition, the State may issue revenue bonds payable solely from such sources in an aggregate amount outstanding at any time not in excess of $1.0 billion, plus amounts for certain reserves and costs of issuance. No such bonds have been issued since 1993, and no such bonds are outstanding. See **Appendix II-B – Unemployment Compensation Fund** for a description of the recent operations of the Unemployment Compensation Fund.

Second Injury Fund. The Second Injury Fund is a State-run workers' compensation insurance fund that pays lost wages and medical benefits to qualified injured workers. The Second Injury Fund is now closed to future second injury claims. However, there remain authorized the issuance of an amount not to exceed $750 million in revenue bonds and notes outstanding at any one time to provide funds for paying past claims. No bonds or short-term borrowings are currently outstanding. The State's management objective is to pay additional claims and settlements from current income and, if necessary, short term borrowings.

Contingent Liability Debt

The General Assembly has the power to impose limited or contingent liabilities upon the State in such a manner as it may deem appropriate and as may serve a public purpose. This power has been used to support the efforts of quasi-public agencies, municipalities and other authorities formed to carry out essential public and governmental functions by authorizing these entities to issue indebtedness backed, partially or fully, by General Fund resources of the State. Not all entities that are authorized to issue such indebtedness have done so, and the description below of the State's limited or contingent liability is restricted only to specific indebtedness backed by the State.

Special Capital Reserve Funds. The primary vehicle through which the State has undertaken contingent or limited liability is the Special Capital Reserve Fund ("SCRF"). A SCRF, if established, provides additional security for certain bonds issued by a quasi-public agency, municipality or other authority. Subject to certain legislative exceptions, monies held in and credited to a SCRF are intended to be used solely for the payment of the principal of bonds secured by such SCRF, the purchase of such bonds, the payment of interest on such bonds or the payment of any redemption premium required to be paid when such bonds are redeemed prior to maturity. The SCRF is frequently funded with bond proceeds by the issuer to a specified amount (the minimum of which is often the maximum annual principal and interest payments due on the bonds). The State undertakes the obligation to restore a SCRF to its minimum level. The method for determining such required minimum capital reserve is set out in the legislation authorizing the SCRF. If the SCRF should fall below the required minimum capital reserve amount, an official of the issuer that established the SCRF is to certify to the Secretary of OPM or the Treasurer or both the amount necessary to restore such SCRF to the required minimum capital reserve amount. On or before December 1, annually, there is deemed to be appropriated from the State's General Fund such amount as specified in the certificate, which amount shall be allotted and paid to the entity that established the SCRF. On an annual basis, the State's liability under any SCRF mechanism is limited to its obligation to restore each SCRF to its minimum capital reserve amount. The State has never been required to replenish a SCRF to the required minimum capital reserve amount.

By statute, the Capital Region Development Authority, the Connecticut Airport Authority, the Connecticut Green Bank, the Connecticut Health and Educational Facilities Authority, the Connecticut Higher Education Supplemental Loan Authority, the Connecticut Housing Finance Authority, Connecticut Innovations, Incorporated, Connecticut Municipal Redevelopment Authority, the Connecticut Port Authority, and the MIRA Dissolution Authority may borrow money or issue bonds or notes that are guaranteed or otherwise supported by the State or for which they can seek State supported SCRF with the approval of the Treasurer or the Deputy Treasurer, and for certain of these quasi-public issuers, the Secretary of OPM. The approval shall be based on documentation provided by the authority that the authority anticipates receiving sufficient revenues to (1) pay the principal of and interest on the bonds and notes to be issued, (2) establish, increase and maintain any reserves deemed by the authority to be advisable to secure the payment of the principal of and interest on such bonds and notes, (3) pay the cost of maintaining, servicing and properly insuring the purpose for which the proceeds of the bonds and notes have been issued, if applicable, and (4) pay such other costs as may be required.

Similarly, no municipality may issue any obligation for which there is a State supported SCRF without the approval of the Treasurer. The Treasurer's approval shall be based upon factors delineated in the general statutes, including the establishment of a property tax intercept procedure to service the municipality's debt.

Quasi-Public Agencies. The State has established a number of quasi-public agencies that are not departments, institutions or agencies of the State. They are, however, bodies politic and corporate that constitute public instrumentalities and political subdivisions of the State. These organizations provide a wide range of services that might otherwise be provided directly by the State.

Each of these public authorities is authorized to issue bonds in its own name to facilitate its activities and, with the exception of the Connecticut Airport Authority, Connecticut Municipal Redevelopment Authority and the Connecticut Port Authority, each has issued bonds secured by a SCRF, or other contractual arrangement, for which the State has limited contingent liability.

Capital Region Development Authority ("CRDA"). CRDA was granted authority to issue revenue bonds for a convention center project in the City of Hartford. The bonds are backed by State contractual assistance equal to annual debt service. CRDA retains authority to use SCRFs in connection with additional revenue bonds, but there are currently no plans to do so. The CRDA's charge includes projects to stimulate development and redevelopment in the City of Hartford and the surrounding towns.

Connecticut Airport Authority ("CAA"). CAA has ownership of and responsibility for the management and operations of Bradley International Airport and the State's other general aviation airports. The CAA is authorized to issue revenue bonds, including bonds backed by a SCRF.

Connecticut Green Bank ("Green Bank"). The Green Bank, was designated for the purposes of administering the Clean Energy Fund and the Environmental Infrastructure Fund. The Green Bank is a clean energy and environmental infrastructure finance authority, designed to leverage public and private funds to drive investment and increase clean energy and environmental infrastructure deployment in Connecticut. The Green Bank is authorized to issue bonds to facilitate its activities, which bonds may be secured by a SCRF.

Connecticut Health and Educational Facilities Authority ("CHEFA"). CHEFA was established to assist in the financing of facilities for educational or health care purposes, including colleges and universities, secondary schools, nursing homes, hospitals, child care facilities, and any other qualified non-profit institutions through the issuance of bonds and other obligations. CHEFA loans the proceeds of its bond issues to client institutions, which make debt service payments on such loans that match CHEFA's payment obligations under its bonds. CHEFA is also authorized to issue tax-exempt and taxable revenue bonds secured by one or more SCRFs solely to finance projects for housing, student centers, food service facilities and other auxiliary service facilities at public institutions of higher learning, including the Connecticut State University System, or for clinical services projects for the University of Connecticut Health Center.

CHEFA also is authorized to issue bonds and loan the proceeds to various entities to finance child care facilities. The State Treasurer is committed to pay the debt service on these loans, subject to annual appropriation. See **Other Debt Service and Contractual Commitments – *CHEFA Child Care Program***.

Connecticut Higher Education Supplemental Loan Authority ("CHESLA"). CHESLA, a subsidiary of CHEFA, provides financial assistance in the form of education loans to students in or from the State. CHESLA is also authorized to provide loans to refinance eligible education loans of qualified borrowers. CHESLA is authorized to issue bonds the proceeds of which are used to fund or refinance education loans to applicants meeting certain eligibility requirements. The repayment of such loans is used to make debt service payments on CHESLA bonds. CHESLA bonds are further secured by a SCRF.

Connecticut Housing Finance Authority ("CHFA"). CHFA was established to meet the needs of low and moderate income families and persons for decent housing and to encourage and assist the development and construction of multi-family housing. CHFA is authorized to issue bonds the proceeds of which are used to fund mortgage loans to applicants meeting certain eligibility requirements. CHFA also is authorized to make or purchase construction and permanent mortgage loans that are guaranteed or insured by the United States of America or any agency or instrumentality thereof, by the Federal Home Loan Mortgage Corporation, by a private mortgage insurance company or the State or the Authority itself without limitation as to amount and to make or purchase mortgage loans not so insured or guaranteed in an aggregate amount not to exceed $2.25 billion. In order to finance these activities, CHFA established a Housing Mortgage Finance Program and issued its general obligation bonds under a General Bond Resolution. Bonds issued under CHFA's General Bond Resolution are secured by a SCRF.

CHFA has also established a Special Needs Housing Mortgage Finance Program (formerly known as the Group Home Mortgage Finance Program) and has issued and expects to issue additional State-Supported Special Obligation Bonds which bonds are and will be secured by a SCRF. CHFA also issues bonds for supportive housing and emergency mortgage assistance for which the debt service is paid by the State pursuant to contracts for State assistance. See **STATE DEBT – *Types of Direct General Obligation Debt – Supportive Housing Financing and Emergency Mortgage Assistance Program***.

Connecticut Innovations, Incorporated ("CI"). Under its General Obligation Bond Program, CI may issue bonds secured by a SCRF to finance eligible economic development and information technology projects. As of February 1, 2025, no such bonds are outstanding. Although there remains legislative authority for the issuance of bonds secured by SCRFs under the Umbrella Bond Program, no loans have been initiated under that program since 1985, and CI does not anticipate a resumption of any lending activity under that program.

Connecticut Municipal Redevelopment Authority ("CMRA"). The CMRA was established for the purpose of, among others, stimulating economic and transit-oriented development, encouraging residential housing development, stimulating new investments, and assisting municipalities in development and redevelopment efforts. The CMRA is authorized to issue bonds, notes and other obligations in such amounts as in the opinion of the board are necessary to provide sufficient funds for carrying out its purposes which shall be general obligations of the CMRA. The amount of bonds of CMRA secured by a SCRF, however, shall not exceed $50.0 million in the aggregate.

Connecticut Port Authority ("CPA"). The CPA is charged with marketing and coordinating the development of the State's ports and maritime economy. CPA bonds may be secured by a SCRF.

MIRA Dissolution Authority ("MIRA"). MIRA was created by the State effective July 1, 2023 as successor to the Materials Innovation and Recycling Authority (the "Dissolved Authority"). MIRA has assumed all of the Dissolved Authority's underlying statutory duties, authorities and capabilities which include the development and operation of solid waste disposal, volume reduction, recycling, intermediate processing, resource recovery and related support facilities necessary to carry out the State's Solid Waste Management Plan. MIRA will continue such ongoing waste transfer operations until acceptable alternatives become available. MIRA is also charged with additional activities related to the dissolution of the Dissolved Authority. These dissolution responsibilities include identifying the immediate environmental needs and knowledge necessary for redevelopment of the Dissolved

Authority's closed waste to energy facility in Hartford, Connecticut, engaging the City of Hartford and other stakeholders with respect to the future of that site, continuing to operate its transfer stations until acceptable alternatives, operated by entities other than the Dissolved Authority, become available and winding down its operations and activities in an orderly and responsible manner including the marketing and sale of the Dissolved Authority's surplus real and personal property. For the purpose of financing any solid waste facility, bonds may be issued and such bonds may be secured by a SCRF, but this authority has been repealed effective July 1, 2025 and MIRA has no plans to issue such debt. Following termination of MIRA, all of MIRA's rights and properties shall pass to and be vested in the State.

UConn 2000 Special Obligation Financing. The University of Connecticut may issue special obligation bonds that may be secured by a SCRF. The University may also issue special obligation bonds that are not secured by such a SCRF. As of February 1, 2025, the University has outstanding $260.5 million special obligation student fee revenue bonds that are not secured by such a SCRF.

Assistance to Municipalities and Others

Municipalities. The State has undertaken certain limited or contingent liabilities to assist municipalities. The State currently has limited or contingent liabilities outstanding in connection with bonds issued by the Southeastern Connecticut Water Authority. The State previously was obligated to secure certain SCRF-backed bonds issued by the Cities of Bridgeport, Waterbury and West Haven to fund past deficits of such municipalities; however no such bonds are currently outstanding. Legislation also authorized distressed municipalities, in certain circumstances and subject to various conditions, to issue deficit funding obligations secured by a SCRF. There are no such obligations currently outstanding. See, also discussion under **STATE DEBT – State Direct General Obligation Debt – *Municipal Contract Assistance*.**

Southeastern Connecticut Water Authority. The Southeastern Connecticut Water Authority was established for the purpose of developing a reliable water supply for southeastern Connecticut. The Commission is authorized to approve a State guarantee of obligations of the Southeastern Connecticut Water Authority. Amounts borrowed by the Southeastern Connecticut Water Authority are to be repaid by July 1, 2045.

Outstanding Special Capital Reserve Fund Debt

The amount of authorized and outstanding debt that is secured by special capital reserve funds as described above is outlined in the following table.

TABLE 16
Special Capital Reserve Fund Debt
As of February 1, 2025
(In Millions)

Indebtedness Secured by SCRF	Authorized Debt	Outstanding Debt	Minimum SCRF Requirement
Capital Region Development Authority	$ [a]	$54.6[b]	$ N.A.
Connecticut Airport Authority	[a]	0.0	0.0
Connecticut Green Bank	500.0	39.4	4.9
Connecticut Health and Educational Facilities Authority			
Connecticut State University System	[a]	236.6	29.5
UConn Health Center Program	[a]	0.0	0.0
Connecticut Higher Education Supplemental Loan Authority	300.0	145.4	19.1
Connecticut Housing Finance Authority			
Housing Mortgage Finance Program[c]	[a]	5,301.4	384.8
Special Needs Housing Mortgage Finance Program	[a]	55.9	5.0
Connecticut Innovations	450.0	0.0	0.0
Connecticut Municipal Redevelopment Authority	50.0	0.0	0.0
Connecticut Port Authority	50.0	0.0	0.0
MIRA Dissolution Authority	725.0[d]	0.0	0.0
Southeastern Connecticut Water Authority	15.0	0.4[b]	N.A.
University of Connecticut	[a]	0.0[e]	N.A.

(a) No statutory limit.

(b) Debt is secured by a non-SCRF State contract assistance agreement.

(c) As of December 31, 2024.

(d) Pursuant to Public Act No. 23-170, this authorization is repealed effective July 1, 2025.

(e) Debt is secured by a non-SCRF State guarantee, but excludes general obligation bonds of the University that are secured by the State's debt service commitment.

Other Debt Service and Contractual Commitments

CHEFA Child Care Program. CHEFA is authorized to issue Child Care Facilities Bonds and loan the proceeds to various entities to finance child care facilities. Debt service payments are made by the State Treasurer and the State Office of Early Childhood is obligated to reimburse a portion of the debt service payments from intercepts of revenues from providers. The obligation by the State Treasurer to pay such debt service is subject to annual appropriation. As of February 1, 2025, CHEFA had approximately $31.1 million in Child Care Facilities Bonds outstanding under this program, with annual debt service of approximately $4.3 million, of which the State Office of Early Childhood is committed to reimburse approximately $0.6 million. The State's obligation under the assistance agreement is not included in any of the debt calculations in **Tables 7, 8, 9, 10, 11, 12 or 16**. Two other Child Care Facilities programs also authorize the Commissioner of the State Office of Early Childhood to enter into guaranties of loans made to entities to finance the development of child care and child development centers or programs. CHEFA is administering this program on behalf of the State Office of Early Childhood, and is currently limiting the aggregate amount of guaranties to the balance of monies in the reserve funds for the respective programs. The State's obligations in connection with these programs are not included in any of the debt calculations in **Tables 7, 8, 9, 10, 11, 12 or 16**.

Capital Region Development Authority. The Commission approved up to $122.5 million of revenue bonds and other borrowings for the Hartford convention center project. The predecessor authority to CRDA issued $110 million of its revenue bonds backed by the State's contract assistance agreement equal to annual debt service on the revenue bonds. As of February 1, 2025, $54.6 million of CRDA revenue bonds was outstanding. The State's aggregate obligation under the contract assistance agreement is limited to $9.0 million per year, and the CRDA's debt obligations are structured not to exceed this amount. An additional $12.5 million of borrowing, not backed by the contract assistance agreement, has also been incurred. Debt service on the revenue bonds is payable from debt service appropriations in the General Fund and CRDA is obligated to reimburse the State for such contract assistance payments from parking and energy fee revenues after payment of operating expenses of the parking garage and the energy facility. Through February 1, 2025, the State has paid $70.3 million of debt service with respect to such bonds which has not been reimbursed. The State's obligation under the assistance agreement is not included in any of the debt calculations in **Tables 7, 8, 9, 10, 11, 12 or 16**.

A delay in completion of all elements of the project, along with higher than anticipated startup expenses and operating expenses have resulted in insufficient parking revenues, after operating expenses, to fully reimburse the State for debt service payments. This situation is expected to continue at least for the foreseeable future. As debt service on CRDA's revenue bonds continues to be paid under the contract assistance agreement, CRDA's reimbursement obligation will increase, and this reimbursement obligation will need to be satisfied before excess parking revenues are available to fund the operations of the convention center, which itself is partially funded by General Fund appropriations from the State to CRDA.

School Construction Grant Commitments. The State provides partial funding for public school building new construction and renovation projects to public school districts under a reimbursement grant program. For certain school projects approved by the General Assembly, districts are ranked according to their adjusted equalized net grand list per capita and, based on such rankings, a reimbursement percentage is assigned that determines the amount of grant money a town or regional school district may be eligible to receive. The State reimburses districts its share on a progress payment basis during the construction period. Each year the legislature authorizes grant commitments in varying amounts based on completed applications received. With the passage of Public Act No. 24-151, the State expects to authorize new school construction grant commitments of approximately $921 million (the total project cost of approximately $1.4 billion) that take effect in Fiscal Year 2024. It is anticipated that new authorizations will average approximately $313 million in Fiscal Year 2025. As of June 30, 2024, the Commissioner of Administrative Services estimates that current grant obligations for school construction projects are approximately $4.2 billion.

The legislature has authorized the issuance of State bonds for the school construction grant program based on the amount of grants that the Commissioner of Administrative Services estimates will be paid during each fiscal year. Since there is generally a lapse of one or more years from the time grant commitments are approved to the time grant payments are required to be made, the amount of unpaid grant commitments will be significantly greater than the amount of bonds authorized to fund the grant commitments.

Connecticut Lottery Corporation. The Connecticut Lottery Corporation (the "Corporation") was created as a public instrumentality of the State to operate the State's lottery pursuant to the Connecticut Lottery Corporation Act (the "CLC Act"). The State and the Corporation purchase annuities under contracts with insurance companies that provide payments corresponding to the obligation for payments to lottery prize winners. The State has transferred to the Corporation all annuities purchased by it, and the Corporation has assumed responsibility for the collection of revenue generated from the lottery and for the payment of all lottery prizes. Under the CLC Act, the termination of the Corporation would not affect any outstanding contractual obligation of the Corporation and the State would succeed to the obligations of the Corporation under any such contract. As of June 30, 2024 the current and long-term liabilities of the Corporation total $255.5 million.

PENSION AND RETIREMENT SYSTEMS

The State sponsors several public employee retirement systems and provides other post-employment benefits. This section will describe these plans in turn. It should be noted that the characteristics of the pension plan systems, where significant assets are available to meet the State's obligations, are different than the characteristics of the systems providing other post-employment benefits, which have not accumulated significant assets. Both types of plans have unfunded liabilities that represent significant financial obligations of the State, both now and in the future. In round numbers, as of June 30, 2024 the unfunded actuarial accrued liability ("UAAL") of the major pension systems aggregate approximately $35.1 billion and the net social security and other post-employment benefits liability of the other major post-employment benefits systems aggregate approximately $19.4 billion, based on the most recent actuarial valuations.

Pension Systems - Overview

The State sponsors several public employee retirement systems discussed in more detail in this section. The two largest of these are the State Employees' Retirement System ("SERS") and the Teachers' Retirement System ("TRS"). These plans have been in operation for a number of years and have significant assets held for the purposes of each plan. Like other similar plans, each plan began with "pay-as-you-go" funding, whereby benefits to beneficiaries were paid from the General Fund when due. In 1971, the plans were converted to actuarially funded plans and irrevocable trusts were established to accumulate assets that are invested on a long-term basis to fund future liabilities on an actuarial basis. In an actuarially funded pension plan, plan contributions, plus plan assets and the return on plan assets, are designed to meet the future benefits payments over the life of the plan.

The transition of the plans from a "pay-as-you-go" basis to a fully funded actuarial basis requires setting aside significant assets. As it would be impractical to set aside the accumulated liability in a short period, it was contemplated that the plans would achieve full funding over a period of time. The actuarially determined employer contribution ("ADEC") (formerly referred to as the actuarially recommended contribution or "ARC") is the recommended annual payment by the State to the applicable pension plan in order to achieve full funding of the plan over the applicable period, assuming that the actuarial assumptions are met, and is composed of an amount to amortize the accumulated unfunded liability and an amount representing the additional costs accrued for the current year.

When both of the State's major pension plans were converted to an actuarial funding method, the original time period determined to amortize the existing unfunded accrued liability and achieve full funding was set at 40 years, a period that was subsequently extended as part of a restructuring. As described below, under the funding models in effect as of June 30, 2024, the existing unfunded accrued liability at the time of the restructuring is being amortized over a base period amortization layer, with changes in the unfunded accrued liability owing to differences between assumptions and experience being amortized over separate 25 year layers as they occur. The remaining weighted average of the periods as of June 30, 2024 to reach full funding were approximately 21.6 years for the State Employees' Retirement Fund and approximately 24.7 years for the Teachers' Retirement Fund. At the time full funding of a plan is reached, only the costs accruing in the current year will be required; current modeling as shown in Tables 19 and 2a, indicate that the ADEC for each of the major pension plans will drop by over $1 billion.

In valuing the assets of each system for actuarial purposes, the actuaries calculate an actuarial valuation which "smooths" the asset values. These methods are discussed for SERS and TRS below.

It is important that the funding plan be revisited periodically. Accordingly, by statute, actuarial valuations are performed with respect to the systems annually. Because these valuations are estimating future resources and future liabilities, it is necessary to make important assumptions in arriving at these future assets and liabilities. Using these assumptions, the actuarial valuation compares the actuarial accrued liability with the actuarial value of assets and any excess of that liability over the assets forms an UAAL. This UAAL represents the remaining amortization of the original unfunded status, plus changes in the UAAL arising from actual experience compared to these assumptions (including actual investment performance compared to assumed performance), changes in the actuarial assumptions, and any failure to fully fund ADECs in prior years. The actuarial valuation then arrives at a recalculated ADEC for future years, which represents the sum of benefits to be accrued in these years, plus the amortization of the recalculated UAAL over the remaining amortization periods.

In addition to these recalculations, the State has taken several additional steps in the last few years to address the funding issues with the plans. In the case of SERS, it has negotiated reduced benefits, as described below, made more conservative assumptions which have had the effect of increasing the UAAL, and eliminated the provisions that permitted the State to not fund its full ADEC payment. In the case of TRS, it has issued pension obligation bonds to augment the funding of the system, which bonds included a covenant requiring the State to fund the ADEC while the bonds (or any refunding of the bonds) are outstanding, subject to certain exceptions. These additional steps are described in more detail below for each plan.

In addition to statutory commitments (which can be, and have been, changed by legislation), and unlike many similar plans, the State now has contractual commitments requiring annual funding of the ADEC. In the case of SERS, the State is required to annually fund the ADEC pursuant to its bargaining agreement with SEBAC. In the case of TRS, the State is required to fund the annual amount as a condition of a bond covenant so long as the State's pension obligation bonds issued in April 2008 to fund a $2.0 billion deposit to the Teachers' Retirement Fund ("TRF Bonds"), or any refunding of the TRF bonds, are outstanding, as more fully discussed under ***Pension Obligation Bonds*** below.

Actuarial Valuations. The actuarial value of the liabilities of the plan are not current liabilities but represent a present value measure of the stream of benefits that the plan is expected to pay over the foreseeable future. These benefits in turn depend on future events, such as the size of the workforce, the rate workers leave the workforce, the rate of retirement, the rate of mortality of retirees, the rate of salary increase and the rate benefits accrued at retirement increase by future cost of living increases, among other factors. The State engages actuaries to assist it in selecting assumptions about these factors, and based on these assumptions, the actuary estimates the current stream of future benefits. In order to come to an estimate of the accrued liabilities of the plan, this stream of estimated future benefits is discounted to a present value based on an assumed discount rate. The State uses a discount rate that is the same as its investment return assumption. The significant assumptions used in making these calculations are described below for each plan.

One measure of the level of plan funding is the "funded ratio", which is calculated by dividing the actuarial value of the assets of the plan by the actuarial accrued liability of the plan. The actuarial valuation will state the funded ratio for each plan, and is shown herein. Also shown is the funded ratio calculated based on the market value of the assets of the plan.

The actuarial valuation also will state an ADEC, which is the recommended payment of the State to the applicable pension plan. These recommendations are used in the next budget cycle. The ADEC consists of two components: (1) normal cost, which represents the portion of the present value of retirement benefits that are allocable to active members' current year of service, and (2) an amortization of a portion of the UAAL. The normal cost is partially funded from active member contributions, if required under the particular plan, with the remainder funded by State contributions. The UAAL amortization component is made over the length of time chosen as the amortization period for the base and subsequent layers, and designed to eliminate the UAAL and bring the plan to the state of being fully funded. Following the full amortization of the UAAL, to maintain this full funding only the normal cost amount would need to be contributed, plus any contribution necessary due to the effect of actual experience compared to the actuarial assumptions.

One of the most significant factors in determining the annual UAAL amortization amount, and determining the point in time when the plan should be fully funded, is the remaining period over which the UAAL will be amortized. The State Employees' Retirement Fund now uses a layered amortization method in which an existing base is amortized over a closed-end period and future actuarial gains and losses are phased in over closed 25 year periods, resulting in a weighted average amortization period of 21.6 years as of June 30, 2024, as further described below. The Teachers' Retirement Fund now amortizes the UAAL as of June 30, 2018 over a closed period of 30 years, with future actuarial gains and losses amortized over separate closed periods of 25 years, beginning the year each separate base is established, resulting in a remaining weighted amortization period of 24.7 years as of June 30, 2024. A second important factor is determining the amount to be amortized in each year of the remaining amortization period. Previously, both of the State plans used a "level percent of payroll" formula for this purpose, where in each year the same percent of assumed payroll for that year is calculated as the amount to be amortized. This method assumes that the amortization payments increase in future years by the assumed increase in payroll since it calculates amortization payments as a constant percentage of projected payroll over a given number of years. This makes the assumption of the rate at which payroll increases each year an important assumption. SERS phased in a "level dollar" amortization over a five year period, where the cost is amortized in equal dollar amounts to be paid over the specified number of years. This method generally results in decreasing inflation-adjusted payments over time. TRS previously used a "level percent of payroll" amortization method, and has now also transitioned to a level dollar amortization method.

Both SERS and TRS now use an "Entry Age Normal" actuarial cost method to calculate the annual amortization payments needed to amortize the UAAL. The entry age normal method calculates the annual normal cost for a member as a uniform and constant rate of employer contribution that, if applied to the compensation of the average new member during the entire period of the member's anticipated covered service, would be required in addition to contributions of the member to meet the cost of all benefits payable on behalf of the member. The actuaries have indicated that the entry age normal method is the most widely used cost method of large public sector plans and has demonstrated the highest degree of contribution stability to alternative methods. It also is the only method allowed under the Governmental Accounting Standards Board ("GASB") reporting standards which came into effect in 2014.

Pension Reporting Pursuant to GASB Statement Nos. 67 and 68. Beginning with Fiscal Year 2014, the State began reporting pensions in accordance with GASB Statement No. 67 ("GASB 67"), and GASB Statement No. 68 ("GASB 68"), which prescribe certain methods for comparability and other purposes. These methods are not necessarily the same as those used in calculating the ADEC of the State, which are determined by statute and/or contract.

GASB 67 requires a determination of the Total Pension Liability ("TPL") for a plan using the Entry Age Normal actuarial funding method. The Net Pension Liability ("NPL") is then set equal to the TPL minus the plan's Fiduciary Net Position ("FNP") which, generally, is the market value of assets in the plan as of the measurement date. Among the assumptions needed for the liability calculation is a Single Equivalent Interest Rate ("SEIR"). To determine the SEIR, the FNP must be projected into the future for as long as there are anticipated benefits payable to the membership and beneficiaries of the system on the measurement date. If the FNP of the plan is not expected to be depleted at any point in the future, the plan may use its long-term expected rate of return as the SEIR. If, on the other hand, the FNP of the plan is expected to be depleted, then the SEIR to be used is the single rate of interest that will generate a present value of benefits equal to the sum of (i) the present value of all benefits through the date of depletion at a discount rate equal to the long-term expected rate of return, plus (ii) the present value of benefits after the date of depletion discounted at a rate based on 20-year, tax-exempt, general obligation municipal bonds, with an average credit rating of Aa/AA or higher.

GASB 68 requires, among other things, that Pension Expense ("PE") be calculated and a proportionate share of NPL and PE be recognized in the employer's financial reporting. PE includes amounts for service cost (the normal cost under the Entry Age Normal actuarial cost method for the year), interest on the TPL, changes in benefit structure, amortization of increases/decreases in liability due to actuarial experience and actuarial assumption changes, and amortization of investment gains/losses. The actuarial experience and assumption change impacts are amortized over the average expected remaining service life of the plan membership as of the measurement date, and investment gains/losses are amortized over five years. PE should not be considered a proxy for funding or contribution levels.

State Employees' Retirement Fund ("SERF")

SERS is one of the systems maintained by the State with approximately (i) 49,023 active members, consisting of 23,976 vested members and 25,047 non-vested members, (ii) 3,638 deferred vested members, and (iii) 57,628 retired members and beneficiaries as of June 30, 2024.

Payments into the SERF are made from employee contributions, General and Special Transportation Fund appropriations and grant reimbursements from Federal and other funds. State contributions to the fund are made monthly on the basis of transfers submitted by the Office of the State Comptroller.

By statute full actuarial valuations are required to be performed as of June 30th of each even-numbered year. The State intends to perform annual actuarial valuations and has done so commencing with the valuation as of June 30, 2019. The actuarial valuation uses recognized actuarial methods to calculate the actuarial value of assets and the actuarial accrued liability of the SERF. The valuation uses an asset valuation method that smooths the difference between the market value of assets and actuarial value of assets to prevent extreme fluctuations that may result from short-term or cyclical economic and market conditions. The actuarial value of assets is determined by first projecting the actuarial value forward from the beginning of the prior fiscal year based on the actual cash flow during the fiscal year and the assumed investment rate of return. One fifth of any difference between this expected actuarial value and the actual market value is added to or subtracted from the expected actuarial value to arrive at the actuarial value of assets in order to "smooth" year to year changes in market values. The unfunded actuarial liability is the actuarial accrued liability less the actuarial value of assets. The valuation includes a projection from the valuation date to future years based on certain key assumptions such as the investment return on the market value of assets, the active population count for hazardous and nonhazardous duty members, total payroll growth, age and salary distributions for new entrants, and actual plan experience with respect to terminations, retirement, mortality, and cost of living increases, among other things.

November 2024 SERF Actuarial Valuation. The State Employees Retirement Commission ("SER Commission") received an actuarial valuation with respect to SERF as of June 30, 2024 from Cavanaugh Macdonald Consulting, LLC dated November 20, 2024 (the "November 2024 SERF Valuation"), and subsequently approved such valuation. The November 2024 SERF Valuation reported the following results as of June 30, 2024 with respect to the SERF:

Actuarial Valuation as of June 30, 2024	
Market Value of Assets	$ 23,890.9 million[(a)]
Actuarial Value of Assets	23,683.6 million[(a)]
Actuarial Accrued Liability	42,869.8 million
UAAL	19,186.2 million
Funded Ratio (based on the actuarial value of assets)	55.2%
Funded Ratio (based on the market value of assets)	55.7%

(a) Amounts include the transfer of $513,939,722 made subsequent to June 30, 2024.

The November 2024 SERF Valuation was based on the following assumptions and methodologies, among others:

- 6.90% investment return assumption (including price inflation at 2.50%)
- Entry Age Normal actuarial cost method
- Level dollar amortization method
- Projected salary increases of 3.0% to 11.5% (including wage inflation at 3.0%)
- Cost of living adjustment ("COLA") of 1.95% to 3.25%

- A COLA moratorium for employees retiring on or after July 1, 2022 for the first 30 months of retirement, and that the partial COLA available during the COLA moratorium period to take into account a potential environment where CPI is greater than 5.5% will result in the first COLA being assumed to be 0.15% higher
- Social security wage base increase of 3.5%
- The actuarial value of assets recognizes 20% of the difference between the market value of assets and the expected actuarial value of assets

In addition, under the agreement with SEBAC as to revisions to the UAAL amortization schedule, the UAAL layered amortization is as follows:

Portion of UAAL	Year Established	Remaining Amortization Period
Statutory Base	1984	22 years [(a)]
Transitional Base	2016	22 years
2018 Base	2018	19 years
2019 Base	2019	20 years
2020 Base	2020	21 years
2021 Base	2021	22 years
2022 Base	2022	23 years
2023 Base	2023	24 years
2024 Base	2024	25 years

(a) Changed from 13 years to 28 years in Fiscal Year 2019.

The November 2024 SERF Valuation determined the ADEC requirement for Fiscal Year 2025 and Fiscal Year 2026, and the annual contribution rate as a percentage of payroll as follows:

Annual Employer Contributions for:	Fiscal Year 2025		Fiscal Year 2026	
	Amount (in millions)	Percent of Payroll	Amount (in millions)	Percent of Payroll
Employer Normal Cost	$ 232.6	5.58%	$ 246.5	5.53%
Amortization of Net UAAL	$1,781.2	42.73%	$1,733.9	38.87%
Total Employer Contribution Requirement	$2,013.8	48.31%	$1,980.4	44.40%

The employer contribution amount for Fiscal Year 2025 was not available at the time of the original Fiscal Year 2025 budget was adopted and therefore, the adopted budget for Fiscal Year 2025 did not contain appropriations, sufficient, together with anticipated grant reimbursement from Federal and other funds, to fully fund the employer contribution requirement for Fiscal Year 2025. However, Public Act No. 24-81, which was signed into law by the Governor, authorized the Governor to transfer any specific appropriation to fully fund such requirement, which he did. The budget for Fiscal Year 2026 has not yet been adopted.

SERS Plan Results – Five Prior Years. Set forth in the following table are State contributions to the SERF, Federal grant programs, employee contributions, investment income, net realized gains and losses, net unrealized gains and losses, benefits paid, actuarially determined employer contributions and market value of assets for each of the past five fiscal years, and the actuarial accrued liabilities, the actuarial values of fund assets, the resulting unfunded accrued liabilities and the funded ratios on an actuarial and market basis for the actuarial valuations as of June 30, 2020, June 30, 2021, June 30, 2022, June 30, 2023 and June 30, 2024.

TABLE 17
State Employees' Retirement Fund
(In Millions)

	2020	2021	2022	2023	2024
General Fund Contributions	$ 1,195.7	$ 1,377.2	$ 1,481.7[(c)]	$ 1,567.8[(c)]	$ 1,640.7[(c)]
Transportation Fund Contributions	147.1	156.2	172.4	185.1	176.2
Federal and Other Reimbursements	273.5	320.5	360.2	462.4	280.3
Employee Contributions	192.7	194.8	202.2	223.1	257.8
Total Contributions[(a)]	$ 1,809.0	$ 2,048.7	$ 2,216.5	$ 2,438.4	$ 2,355.0
Benefits Paid[(b)]	$ 2,119.0	$ 2,212.6	$ 2,362.0	$ 2,590.9	$ 2,633.6
Investment Income/Net Gains (Losses)[(c)]	$ 1,502.0	$ 150.3	$ 459.4	$ 835.2	$ 936.2
Actuarially Determined Employer Contribution	$ 1,616.3	$ 1,806.7	$ 1,993.2	$ 2,143.3	$ 2,040.4
Percentage of Actuarially Determined Employer Contribution Made[(d)]	100.0%	102.6%	101.1%	103.4%	102.8%
Actuarial Accrued Liabilities	$ 36,971.1	$ 38,344.4	$ 40,657.0	$ 41,981.1	$ 42,869.8
Actuarial Value of Assets[(e)]	$ 14,242.9	$ 15,946.9	$ 19,726.0	$ 21,846.7	$ 23,683.6
Unfunded Accrued Liabilities	$ 22,728.2	$ 22,397.6	$ 20,931.0	$ 20,134.4	$ 19,186.2
Market Value of Assets[(e)]	$ 13,311.1[(f)]	$ 17,063.0	$ 18,532.1	$ 21,165.6	$ 23,890.9
Funded Ratio (Assets Actuarial Value)	38.5%	41.6%	48.5%	52.0%	55.2%
Funded Ratio (Assets Market Value)	36.0%	44.5%	45.6%	50.4%	55.7%
Ratio of Actuarial Value of Assets to Market Value of Assets	107.0%	93.5%	106.4%	103.2%	99.1%

(a) Does not include transfers of $61.5 million, $714.7 million, $3,203.8 million, $1,046.7 million and $514.0 million made subsequent to June 30, 2020, June 30, 20221, June 30, 2022, June 30, 2023 and June 30, 2024, respectively.

(b) Does not include refunds with respect to withdrawals of account balances by inactive members who terminate membership.

(c) Adjusted to comply with GASB 72. Reflects investment income and net realized gain (loss) on shares redeemed.

(d) Does not reflect the transfers referred to in footnote (e) which would bring the percentages to 103.8%, 140.9%, 258.2%, 151.4% and 127.5% for 2020, 2021, 2022, 2023 and 2024, respectively.

(e) Includes transfers of $61.6 million, $697.0 million, $3,132.1 million, $1,028.8 million and $503.7 million made subsequent to June 30, 2020, June 30, 2021, June 30, 2022, June 30, 2023 and June 30, 2024, respectively. June 30, 2021, June 30, 2022, June 30, 2023 and June 30, 2024 transfers are discounted back to June 30 of such respective year.

(f) As reported in Actuarial Valuation. This amount includes $10.0 million of receivables.

The November 2024 SERF Valuation breaks out the normal cost component and the amortization component associated with the several tiers of employees as determined by the valuation for Fiscal Year 2024 as set forth below:

TABLE 18
Normal Cost by Tier

Group	Number of Active Members[(a)]	Average Age (years)[(a)]	Average Service (years)[(a)]	Normal Cost	Normal Rate (percent of payroll)
Tier I-Plan B	57	70.1	42.9	$ 333,582	4.55%
Tier I-Plan C	2	71.5	44.5	10,020	5.17
Tier II-Hazardous	106	55.6	27.2	1,973,961	15.05
Tier II-Hybrid	204	61.9	29.3	917,371	2.87
Tier II-Others	4,339	58.4	31.5	22,536,738	4.57
Tier IIA-Hazardous	3,135	48.4	17.8	55,875,639	15.23
Tier IIA-Hybrid	682	56.0	20.0	1,458,758	1.61
Tier IIA-Others	10,733	52.6	19.2	49,223,934	4.45
Tier III-Hazardous	2,179	42.1	10.8	29,229,504	13.52
Tier III Hybrid	508	48.1	9.9	922,787	1.77
Tier III-Others	6,269	47.1	10.3	22,553,227	4.00
Tier IV-Hazardous	3,554	35.8	3.4	28,964,678	10.02
Tier IV Hybrid	1,312	40.7	2.8	1,106,464	1.04
Tier IV-Others	15,943	40.1	2.8	31,408,790	2.80
Total	49,023	46.1	11.8	$ 246,515,453	5.53%

(a) As of June 30, 2024.

Modeling of Future Funded Ratios and Annual Contributions through Fiscal Year 2050. The consulting actuary for the SERF prepared a baseline open group model of future funded ratios and annual contribution requirements for the SERF through Fiscal Year 2050. The modeling presented in Table 19 is based on the assumptions used for the actuarial valuation and actuarial methods of future annual employer contribution requirement figures as set out in the November 2024 SERF Valuation and includes a static active population throughout the projection period. The modeling does not represent a forecast, estimate or projection. The modeling does not reflect future factors or conditions that would cause the actual future experience of the SERF to diverge from the model. In particular, future actuarial valuations mandated by statute over the period of the modeling will result in recalculation of the annual employer contribution requirements for each biennial budget. No representation is made that future annual employer contribution requirements or funded ratios will conform to the modeling.

TABLE 19
Modeling Of State Employees' Retirement Fund
Future Funded Ratios and Annual Contribution Requirements
(In Millions)[(a)]

The funded ratio and annual contributions for each fiscal year have been modeled based on the assumption of an actuarial valuation prepared as of the June 30 two years prior to the end of such fiscal year modeling.

Fiscal Year Ending June 30	Valuation Date June 30	Unfunded Accrued Liability	Funded Ratio as of Valuation Date	Normal Cost	Amortization of Unfunded Accrued Liability	Total State Contribution
2026	2024	$19,186.2	55.2%	$246.5	$1,733.9	$1,980.4
2027	2025	18,606.9	57.2	248.9	1,719.5	1,986.4
2028	2026	18,069.6	59.0	249.1	1,710.8	1,959.9
2029	2027	17,513.8	60.8	249.2	1,703.0	1,952.2
2030	2028	16,934.7	62.5	247.6	1,695.9	1,943.4
2031	2029	16,325.9	64.3	246.5	1,688.9	1,935.5
2032	2030	15,686.2	66.0	246.3	1,682.4	1,928.7
2033	2031	15,012.9	67.7	247.3	1,676.1	1,923.4
2034	2032	14,303.3	69.5	249.1	1,670.2	1,919.3
2035	2033	13,554.0	71.3	252.0	1,664.6	1,916.6
2036	2034	12,762.4	73.1	255.1	1,659.3	1,914.4
2037	2035	11,925.4	75.0	257.1	1,654.4	1,911.5
2038	2036	11,036.3	77.0	260.2	1,649.5	1,909.6
2039	2037	10,093.1	79.1	264.2	1,644.8	1,909.0
2040	2038	9,091.8	81.2	269.4	1,640.3	1,909.7
2041	2039	8,029.2	83.5	274.9	1,636.1	1,911.0
2042	2040	6,899.4	85.9	281.1	1,632.0	1,913.1
2043	2041	5,697.5	88.4	288.1	1,628.1	1,916.2
2044	2042	4,418.4	91.0	296.1	1,624.3	1,920.4
2045	2043	3,057.0	93.8	304.8	1,570.7	1,875.5
2046	2044	1,609.5	96.8	312.9	1,475.7	1,788.6
2047	2045	120.0	99.8	320.5	1,420.9	1,741.4
2048	2046	0.0	100.0	327.4	0.0	327.4
2049	2047	0.0	100.0	334.4	0.0	334.4
2050	2048	0.0	100.0	341.8	0.0	341.8

(a) In fiscal year ending June 30, 2048 and thereafter the annual employer contribution requirement consists only of the payment of the normal cost, which represents the portion of the present value of retirement benefits that are allocable to active members' current year of service. In the model, there no longer remains an unfunded actuarial accrued liability to be amortized.

Contribution, Eligibility and Benefits Requirements. Generally, based on the start date of employment and the particular State agency/office, State employees participate in one of following plans: (i) Tier I, (ii) Tier II, (iii) Tier II Hybrid, (iv) Tier IIA, (v) Tier IIA-Hybrid, (vi) Tier III, (vii) the Tier III Hybrid, (viii) Tier IV and (ix) the Tier IV Hybrid. From time-to-time the State has instituted, and in the future may institute, early retirement incentive plans that may impact retirement plan eligibility and benefits. The SERS also provides disability and pre-retirement death benefits.

Set forth in the following table are the percentages of the total State workface in each Tier of the SERS plan as of June 30, 2024, and approximate average annual benefit payable to a retired member in Fiscal Year 2024 in each Tier.

	Percentage of Total Workforce as of June 30, 2024	**Average Annual Benefit Payable to Retired Member in Fiscal Year 2024**
Tier I	0.1%	$61,305
Tier II	9.1	41,590
Tier II Hybrid	0.4	57,103
Tier IIA	28.3	29,596
Tier IIA Hybrid	1.4	31,124
Tier III	17.2	16,426
Tier III Hybrid	1.0	44,722
Tier IV	39.8	29,758
Tier IV Hybrid	2.7	N/A[(a)]
	100.0%	

(a) As of June 30, 2024, there were no retired Tier IV Hybrid members.

Member contribution requirements, and the eligibility for and calculation of normal retirement benefits varies by tier and plan, as set forth in the following table:

TABLE 20

State Employees' Retirement System Member Contribution Requirements, Eligibility Requirements and Normal Retirement Benefits

Tier	Member Contribution Requirements	Eligibility For Normal Retirement Benefits	Normal Retirement Benefits Based On Final Average Earnings ("FAE")[(a)]
Tier I - Hazardous	6% of earnings up to the Social Security Taxable Wage Base plus 7% of earnings above that level	20 years of hazardous duty credited service	50% of FAE plus 2% for each year of service in excess of 20 years
Tier I - Plan A or C	7% of earnings	Earliest of age 55 with 25 years of service, age 60 with 10 years of service, or age 70 with 5 years of service	2% of FAE times years of service. At age 70, greater of 2.5% of FAE times years of service (maximum 20 years) or 2.0% of FAE times years of service with a minimum benefit with 25 years of $833.34 per month 25 years of service of $833.34 per month
Tier I - Plan B	4% of earnings up to Social Security Taxable Wage Base plus 7% of earnings above that level	Earliest of age 55 with 25 years of service, age 60 with 10 years of service, or age 70 with 5 years of service	2% of FAE times years of service up to Social Security maximum age; for retirements after Social Security maximum age, 1% of FAE up to $4,800, plus 2% of FAE in excess of $4,800 times years of service, with a minimum benefit with 25 years of service of $833.34 per month; for retirements at or after age 70, the greater of 1.25% of FAE up to $4,800 plus 2.5% of FAE in excess of $4,800 times years of service (maximum 20 years) or 1.0% of FAE up to $4,800 plus 2% of FAE in excess of $4,800 times year of service. Minimum benefit with 25 years is $833.34 per month
Tier II – Hazardous	6% of earnings	20 years of hazardous duty credited service	2.5% of FAE times years of service up to 20 years plus 2.0% of FAE times years of service in excess of 20 years, if any, with a minimum benefit with 25 years of service of $360 per month
All Other Tier II	2% of earnings	Prior to July 1, 2022: Earliest of age 62 with 10 years of vesting service (effective July 1, 1992), age 60 with 25 years of vesting service, age 70 with 5 years of vesting service, or age 62 with 5 years of actual state service for terminations on or after July 1, 1997 Effective July 1, 2022: Earliest of age 63 with 25 years of vesting service or age 65 with at least 10 but less than 25 years of vesting service	1.40% of FAE plus (a) 1.833% of FAE in excess of the year's Breakpoint (but not greater than Social Security Covered Compensation) times years of service up to 35 years, and (b) 1.625% of FAE times any years of service in excess of 35 years, with a minimum benefit with 25 years of service of $360 per month

Tier	Member Contribution Requirements	Eligibility For Normal Retirement Benefits	Normal Retirement Benefits Based On Final Average Earnings ("FAE")[(a)]
Tier IIA – Hazardous	7% of earnings	20 years of hazardous duty credited service	2.5% of FAE times years of service up to 20 years plus 2.0% of FAE times years of service in excess of 20 years, if any, with a minimum benefit with 25 years of service of $360 per month
All Other Tier IIA	4% of earnings	Prior to July 1, 2022: Earliest of age 62 with 10 years of vesting service (effective July 1, 1992), age 60 with 25 years of vesting service, age 70 with 5 years of vesting service, or age 62 with 5 years of actual state service for terminations on or after July 1, 1997 Effective July 1, 2022: Earliest of age 63 with 25 years of vesting service or age 65 with at least 10 but less than 25 years of vesting service	1.40% of FAE plus (a) 1.833% of FAE in excess of the year's breakpoint (not greater than Social Security Covered Compensation) times years of service up to 35 years, and (b) 1.625% of FAE times any years of service in excess of 35 years, with a minimum benefit with 25 years of service of $360 per month
Tier III - Hazardous	7% of earnings	25 years of hazardous duty credited service or age 50 with at least 20 years of hazardous duty credited service	2.5% of FAE times years of service up to 20 years plus 2% for each year of service in excess of 20
Tier III - Hybrid Plan	7% of earnings for members first hired on or after July 1, 2011 7% of earnings for members with original date of hire on or after July 1, 1997 5% of earnings for members with original date of hire prior to July 1, 1997	Earliest of age 63 with 25 years of vesting service or age 65 with at least 10 but less than 25 years of vesting service For those members with original date of hire prior, on or after July 1, 1997 but prior to July 1, 2011 eligible for the following: Prior to July 1, 2022: Earliest of age 62 with 10 years of vesting service (effective July 1, 1992), age 60 with 25 years of vesting service, age 70 with 5 years of vesting service, or age 62 with 5 years of actual state service for terminations on or after July 1, 1997 Effective July 1, 2022: Earliest of age 63 with 25 years of vesting service or age 65 with at least 10 but less than 25 years of vesting service	1.40% of FAE plus (a) 1.833% of FAE in excess of the year's breakpoint (but not greater than Social Security Covered Compensation) times years of service up to 35 years, and (b) 1.625% of FAE times any years of service in excess of 35 years, with a minimum benefit with 25 years of service of $360 per month[(b)]

Tier	Member Contribution Requirements	Eligibility For Normal Retirement Benefits	Normal Retirement Benefits Based On Final Average Earnings ("FAE")[(a)]
All Other Tier III	4% of earnings	Earliest of age 63 with 25 years of vesting service or age 65 with at least 10 but less than 25 years of vesting service	1.40% of FAE plus (a) 1.833% of FAE in excess of the year's breakpoint (but not greater than Social Security Covered Compensation) times years of service up to 35 years, and (b) 1.625% of FAE times any years of service in excess of 35 years, with a minimum benefit with 25 years of service of $360 per month
Tier IV-Hazardous	8% of earnings plus 1% of earnings to plan qualified under I.R.C. 401(a)[(c)]	25 years of hazardous duty credited service	2.5% of FAE times years of service up to 20 years plus 2% for each year of service in excess of 20
Tier IV-Hybrid Plan	8% of earnings plus 1% of earnings to plan qualified under I.R.C. 401(a)[(c)]	Earliest of age 63 with 25 years of vesting service or age 65 with at least 10 but less than 25 years of vesting service	1.33% of FAE and (b) 1.625% of FAE times any years of service in excess of 35 years, with a minimum benefit with 25 years of service of $360 per month
All other Tier IV	5% of earnings plus 1% of earnings to plan qualified under I.R.C. 401(a)[(c)]	Earliest of age 63 with 25 years of vesting service or age 65 with at least 10 but less than 25 years of vesting service	1.33% of FAE and (b) 1.625% of FAE times any years of service in excess of 35 years, with a minimum benefit with 25 years of service of $360 per month

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(a) For all members of all Tiers other than Tier III and Hybrid, "FAE" is defined as the average salary of the three highest paid years of service, provided that, effective January 1, 1986, no one year's earnings can be greater than 130% of the average of the two preceding years for purposes of calculating the FAE. For Tier III and the Hybrid Plan members, FAE is defined as the average salary of the five highest paid years of service, provided that no one year's earnings can be greater than 130% of the average of the preceding two years. Effective July 1, 2014, this limit will be 150% for Tier III and the Hybrid Plan members with mandatory overtime earnings.

(b) The Hybrid Plan provides members with the option to receive at retirement a lump sum payment of their contributions plus a five percent (5%) employer match and four percent (4%) interest in lieu of their receipt of monthly benefit payments.

(c) In years where asset losses require further increases in contributions, Tier IV employees' contributions may increase by half the necessary increase in rates (up to 2.0%). All Tier IV employees must contribute 1% to the Defined Contributions of the Hybrid Plan and may elect additional contribution of up to 3% of salary to the Defined Contribution portion.

The SERS provides annual cost-of-living allowance adjustments each July 1 as set forth below:

TABLE 21
State Employees' Retirement Benefit Cost-Of-Living Allowances[(a)]

Retirement Date	Adjustment Based On	Minimum Increase	Maximum Increase	Maximum Increase For Members And Beneficiaries Not Covered By Social Security And Age 62 And Over
Prior to July 1, 1980	Increase in National Consumer Price Index for Urban Wage Earners and Clerical Workers ("CPI-W")	3.0%	5.0%	6.0%
On and after July 1, 1980 but prior to July 1, 1997	N/A	3.0%	3.0%	6.0%
On and after July 1, 1997 but prior to July 1, 1999, an irrevocable choice between one of the two following plans required:	(1) 60% of the increase in "CPI-W" up to 6.0% and 75.0% of the increase in the CPI-W over 6.0%	2.5%	6.0%	N/A
	(2) N/A	3.0%	3.0%	N/A
On or after July 1, 1999, but prior to October 1, 2011	60% of the increase in CPI-W up to 6.0% and 75.0% of the increase in the CPI-W over 6.0%	2.5%	6.0%	N/A
On or after October 1, 2011	60% of the increase in CPI-W up to 6.0% and 75.0% of the increase in the CPI-W over 6.0%	2.0%	7.5%	N/A
On or after July 1, 2022	60% of the increase in CPI-W up to 6.0% and 75.0% of the increase in the CPI-W over 6.0%	None	7.5%	N/A

(a) An employee from Tier IIA must have at least ten years of actual State service or directly make the transition into retirement in order to be eligible for annual adjustments.

GASB 67 and GASB 68 Disclosure as of June 30, 2024. The SER Commission received from Cavanaugh Macdonald Consulting, LLC a report prepared as of June 30, 2024 and dated December 6, 2024 containing information to assist the SER Commission in meeting the requirements of GASB 67. Much of the material provided in the report is based on the data, assumptions and results of the November 2023 SERF Valuation. This report reported the following results as of June 30, 2024 with respect to the SERF in accordance with GASB 67:

2024 GASB 67 Report as of June 30, 2024	
Total Pension Liability	$42,869.8 million
Fiduciary Net Position	$23,901.1 million
Net Pension Liability	$18,968.7 million
Ratio of Fiduciary Net Position to Total Pension Liability	55.75%

The GASB 67 report used a discount rate of 6.90%, since the results currently indicate that the FNP will not be depleted at any point in the future. GASB 67 also requires sensitivity calculations based on a SEIR of 1% in excess and 1% less than the SEIR used, which would decrease the NPL to $14,735.0 million or increase the NPL to $24,042.3 million, respectively.

The SER Commission received from Cavanaugh Macdonald Consulting, LLC a report dated January 15, 2025 and prepared as of June 30, 2024 containing the pension expense and information to assist the SER Commission in meeting the requirements of GASB 68. The report indicated a Pension Expense of $2,293.3 million for the fiscal year ending June 30, 2024. Much of the material provided in the report is based on the data, assumptions and results of a valuation delivered in November 2024.

The audited financial statements for Fiscal Year 2024 will be included as **Appendix II-C** hereto when completed, and it is expected that certain notes and the Pension Plans Required Supplementary Information of the Basic Financial Statements will reflect the supplemental information reported in a February 14, 2024 GASB 67 report and a March 15, 2024 GASB 68 report. As those reports were prepared as of June 30, 2023 based on data, assumptions and results from a November 2023 actuarial valuation, they do not reflect data, assumptions and results of the GASB 67 and GASB 68 disclosures described above.

Teachers' Retirement Fund ("TRF")

The TRF, administered by the Teachers' Retirement Board, provides benefits for any teacher, principal, supervisor, superintendent or other eligible employee in the public school systems of the State, with certain exceptions. While setting and paying salaries for teachers, municipalities do not provide contributions to the maintenance of the fund. As of June 30, 2024, there were 104,765 active and former employees and beneficiaries, consisting of (i) 53,373 active members, (ii) 2,457 inactive vested members, (iii) 8,901 inactive non-vested members, (iv) 39,772 retired members and beneficiaries, and (v) 262 members on disability allowance.

Contributions to the fund are made by employees and by General Fund appropriations from the State. State contributions to the fund are made quarterly on the basis of certifications submitted by the Teachers' Retirement Board and are funded with annual appropriations from the General Fund. State contributions to the fund for Fiscal Year 2008 included $2.0 billion of the proceeds of the State's Taxable General Obligation Bonds (Teachers' Retirement Fund 2008 Series), as discussed under ***Pension Obligation Bonds*** below.

Actuarial valuations are now performed as of June 30th of each year. The actuarial valuation uses recognized actuarial methods to calculate the actuarial value of assets and the actuarial accrued liability of the TRF. The valuation uses an asset valuation method of smoothing the difference between the market value of assets and actuarial value of assets to prevent extreme fluctuations that may result from short-term or cyclical economic and market conditions. The actuarial value of assets is determined by first projecting the actuarial value forward from the beginning of the prior fiscal year based on the actual cash flow during the fiscal year and the assumed investment rate of return. One-fourth of any difference between this expected actuarial value and the actual market value is added to or subtracted from the expected actuarial value to arrive at the actuarial value of assets in order to "smooth" year to year changes in market values. The unfunded actuarial liability is the actuarial liability less the actuarial value of assets. The valuation includes a projection from the valuation date to future years based on certain key assumptions such as the investment return on the market value of assets, the rates of withdrawal of active members who leave covered employment before qualifying for any monthly benefit, the rates of mortality, the rates of disability, the rates of pay increases and the assumed age or ages at actual retirement.

November 2024 TRF Actuarial Valuation. The Teachers' Retirement Board received from Cavanaugh Macdonald Consulting, LLC an actuarial valuation as of June 30, 2024 dated November 21, 2024 ("November 2024 TRF Valuation"). The November 2024 TRF Valuation reported the following results as of June 30, 2024 with respect to the TRF:

Actuarial Valuation as of June 30, 2024	
Market Value of Assets	$26,392.6 million
Actuarial Value of Assets	26,333.6 million
Actuarial Accrued Liability	42,260.0 million
UAAL	15,926.3 million
Funded Ratio (based on the actuarial value of assets)	62.3%
Funded Ratio (based on the market value of assets)	62.5%

The November 2024 TRF Valuation set forth the ADEC requirement for Fiscal Year 2025 and determined the ADEC requirement for Fiscal Year 2026, and the annual contribution rate as a percentage of payroll, based on a covered payroll as of June 30, 2024 of $5,054.2 million, as follows:

Annual Employer Contributions for:	
Fiscal Year 2025	$1,601.4 million
Fiscal Year 2026	$1,655.1 million
Annual Employer Contribution as a Percent of Payroll as of June 30, 2024	31.8%

The November 2024 TRF Valuation was based upon the following assumptions and methodologies, among others, which incorporate the changes recommended in the latest experience study for the five-year period ending June 30, 2019:

- 6.90% earnings assumption (including inflation at 2.50%)
- Entry Age Normal actuarial cost method
- The UAAL is amortized using a level dollar method effective with the June 30, 2024 valuation. Future changes to the UAAL will be amortized utilizing layered 25-year closed amortization bases established at the end of each plan year.
- Projected salary increases of 3.00% to 6.50% (including inflation at 2.50%)
- Cost-of-living adjustments of 3.0% annually for members retired before September 1992, 2.0% for members retired on and after September 1, 1992 and hired prior to July 1, 2007 and 1.75% for members retired on and after September 1, 1992 and hired on or after July 1, 2007
- Payroll Growth Rate of 3.00%
- Remaining amortization period for the (i) June 30, 2018 Transitional Base is 24 years, (ii) June 30, 2020 Incremental Base is 21 years, (iii) June 30, 2022 Incremental Base is 23 years, (iv) June 30, 2023 Incremental Base is 24 years and (v) June 30, 2024 Incremental Base is 25 years; with an equivalent single amortization period of 24.7 years
- The actuarial value of assets recognizes 25% of the difference between the market value of assets and the expected actuarial value of assets

The employer contribution amount for Fiscal Year 2025 was not available at the time of the original Fiscal Year 2025 budget was adopted and therefore, the adopted budget for Fiscal Year 2025 did not contain appropriations, sufficient, together with anticipated grant reimbursement from Federal and other funds, to fully fund the employer contribution requirement for Fiscal Year 2025. However, Public Act No. 24-81, which was signed into law by the Governor, authorized the Governor to transfer any specific appropriation to fully fund such requirement, which he did. The budget for Fiscal Year 2026 has not yet been adopted.

The November 2024 TRF Valuation recognized the $411.1 million additional deposit from the State as a receivable contribution which reflected the discounted value of the $273.2 million volatility transfer deposited approximately three months after the end of Fiscal Year 2024 and $147.2 million which was expected to be deposited approximately six months after the end of Fiscal Year 2024 from the Fiscal Year 2024 surplus. The November 2024 TRF Valuation noted that the $147.2 million additional contribution was pending the completion of the State's audited financial statements and any material difference in that amount may require a revision to the actuarial valuation. After the completion of the State's audited financial statements, the State deposited $145.9 million from the Fiscal Year 2024 surplus to the TRF which was slightly lower than the $147.2 million additional contribution used in the November 2024 TRF Valuation.

Pension Obligation Bonds. In April 2008 the State issued $2,276.6 million Taxable General Obligation Bonds (Teachers' Retirement Fund 2008 Series A – Current Interest Bonds) and (Teachers' Retirement Fund 2008 Series B – Capital Appreciation Bonds) ("TRF Bonds") to fund a $2.0 billion deposit to the TRF plus amounts required for costs of issuance and up to two years of capitalized interest. Section 8 of Public Act No. 07-186, which authorized the TRF Bonds, provides that in each fiscal year that any TRF Bonds (or any refunding of TRF Bonds) are outstanding, there shall be deemed appropriated from the General Fund an amount equal to the annual required contribution to the TRF, and such amount shall be deposited in the fund in such fiscal year. The amounts of the annual required contributions for each biennial budget shall be based on the actuarial valuation required to be completed by the December 1 prior to the beginning of the next biennial budget. Under Section 8 the State has pledged to and agreed with the holders of any TRF Bonds that, so long as the actuarial evaluation of the TRF is completed and the certification of the annual contribution amounts is made as required by such Section, no public or special act of the General Assembly shall diminish such required contribution until such bonds, together with interest thereon, are fully met and discharged unless adequate provision is made by law for the protection of the holders of the bonds. Such contributions may be reduced in any biennium, however, if (i) the Governor declares an emergency or the existence of extraordinary circumstances (which may include changes in actuarial methods or accounting standards) in which the provisions of CGS Section 4-85 is invoked, (ii) at least three-fifths of the members of each Chamber of the General Assembly vote to diminish such required contributions during the biennium for which the emergency or extraordinary circumstances are determined, and (iii) the funded ratio of the fund is at least equal to the funded ratio immediately after the sale of the bonds in accordance with the actuarial method used at the time. If such conditions are met, the funding of the annual required actuarial contribution may be diminished, but in no event shall such diminution result in a reduction of the funded ratio of the fund by more than 5% from the funded ratio that would otherwise have resulted had the State funded the full required contribution, or the funded ratio immediately after the sale of the bonds, whichever is greater.

In 2019, legislation provided for the establishment of the Connecticut Teachers' Retirement Fund Bonds Special Capital Reserve Fund ("TRF Bonds SCRF"), a special capital reserve fund for the benefit of the holders of the TRF Bonds. The TRF Bonds SCRF was established to provide adequate provision by law for the protection of the holders of the TRF Bonds, permitting the State to reamortize unfunded liabilities of the TRF and provide for the full funding of the actuarial determined employer contribution to the Fund in a manner consistent with its pledge to the holders of the TRF Bonds. The Attorney General of the State has advised that the TRF Bonds SCRF satisfies the requirements of the applicable covenants contained in the TRF Bonds to permit reamortizations of unfunded liabilities.

The TRF Bonds SCRF is pledged to and used solely for the payment of the principal of and interest on, or the redemption or purchase of, the TRF Bonds. In the event the State has not otherwise timely made available moneys to pay principal or interest due on the TRF Bonds, the Treasurer shall direct the trustee of the TRF Bonds SCRF to transfer from the fund to the paying agent for the bonds the amount necessary to timely pay such principal or interest then due.

The TRF Bonds SCRF is funded at an amount not less than the maximum amount of principal and interest becoming due on the currently outstanding TRF Bonds, and any bonds refunding the TRF Bonds then outstanding, by reason of maturity or a required sinking fund installment in any succeeding fiscal year ("Required Minimum Capital Reserve"). The TRF Bonds SCRF was initially funded by a deposit of $380.9 million of General Fund resources. If the amount on deposit in the TRF Bonds SCRF is less than the Required Minimum Capital Reserve, funds of the Connecticut Lottery Corporation that exceed the current needs of the Corporation for the payment of prizes, the payment of current operating expenses and funding of approved reserves of the Corporation are to be deposited in the TRF Bonds SCRF, rather than the General Fund, until the amount on deposit in the TRF Bonds SCRF equals the Required Minimum Capital Reserve.

In August 2023, the State substituted a municipal debt service reserve insurance policy in a commitment amount equal to the Required Minimum Capital Reserve for the cash held in the TRF Bonds SCRF. The trustee of the TRF Bonds is permitted to draw on such insurance policy in the event the State has not otherwise timely made available moneys to pay principal or interest due on the TRF Bonds.

TRF Plan Results – Five Prior Years. Set forth in the following table are State contributions to the TRF, employee contributions, investment income, net realized gains and losses, net unrealized gains and losses, benefits paid, actuarially determined employer contributions and market value of assets for each of the past five fiscal years, and the actuarial accrued liabilities, the actuarial values of fund assets, the resulting unfunded accrued liabilities and the funded ratios on an actuarial and market basis for the actuarial valuations as of June 30, 2020, June 30, 2022 and June 30, 2023.

TABLE 22
Teachers' Retirement Fund[(a)]
(In Millions)

	2020	2021	2022	2023	2024
General Fund Contributions	$ 1,209.6	$ 1,249.8	$ 1,443.7	$ 1,578.0	$ 1,554.5
Employee Contributions[(b)]	318.2	324.1	337.3	339.3	367.0
Total Contributions[(c)]	$ 1,527.8	$ 1,573.9	$ 1,781.0	$ 1,917.3	$ 1,921.5
Benefits Paid[(d)]	$ 2,065.2	$ 2,114.6	$ 2,168.6	$ 2,305.0	$ 2,347.4
Investment Income/Net Gains (Losses)[(e)]	$ 410.0	$ 4,528.5	$ (1,970.3)	$ 1,830.1	$ 2,702.8
Actuarially Determined Employer Contribution	$ 1,208.8	$ 1,249.8	$ 1,443.7	$ 1,578.0	$ 1,554.5
Percentage of Actuarially Determined Employer Contribution Made[(f)]	100.1%	100.0%	100.0%	100.0%	100.0%
Actuarial Accrued Liabilities	$ 37,128.0	N/A	$ 39,860.3	$ 40,877.0	$ 42,260.0
Actuarial Values of Assets[(g)]	$ 19,055.1	N/A	$ 22,729.2	$ 24,455.0	$ 26,333.6
Unfunded Accrued Liabilities	$ 18,072.9	N/A	$ 17,131.1	$ 16,422.1	$ 15,926.3
Market Value of Assets[(h)]	$ 18,286.4	$ 23,102.1	$ 21,574.4	$ 23,763.1	$ 26,392.6
Funded Ratio (Assets - Actuarial Value)	51.32%	N/A	57.02%	59.83%	62.31%
Funded Ratio (Assets - Market Value)	49.25%	N/A	54.13%	58.13%	62.45%
Ratio of Actuarial Value of Assets to Market Value of Assets	104.20%	N/A	105.35%	102.92%	99.78%

(a) Prior to 2022 actuarial valuations were performed every two years, so not all of the data is available for each year.
(b) Does not include employee contributions to the Teachers' Retirement Health Insurance Fund.
(c) Fiscal Years 2021, 2022, 2023 and 2024 ***do not include*** transfers made subsequent to such years of $903.6 million, $903.6 million, $828.1 million and $419.2 million, respectively.
(d) Does not include refunds with respect to withdrawals of account balances by inactive members who terminate membership ($85.0 during Fiscal Year 2020, $56.5 million during Fiscal Year 2021, $58.4 million during Fiscal Year 2022, $55.0 million during Fiscal Year 2023 and $58.4 million for Fiscal Year 2024).
(e) Adjusted to comply with GASB 72. Reflects investment income, net realized gain (loss) on shares redeemed and net unrealized gain (loss) on fund shares.
(f) Fiscal Years 2021, 2022, 2023 and 2024 ***do not include*** the transfers referred to in footnote (c) which would bring the percentages to 172.30%, 162.66%, 152.48% and 127.04%, respectively.
(g) Fiscal Year 2022 ***includes*** transfers made subsequent to such year of $903.6 million, discounted at 6.9% to the valuation date. Fiscal Years 2023 and 2024 ***include*** estimated transfers make subsequent to such fiscal years of $823.8 million and $420.4 million, respectively, discounted at 6.9% to the valuation date
(h) Fiscal Year 2021 ***includes*** the transfer of $903.6 million made subsequent to 2021. Fiscal Years 2022 – 2024 figures derived from actuarial valuation and ***include*** the amounts reflected in footnote (g) above.

Note: Totals may not add due to rounding.

Modeling of Future Funded Ratios and Annual Contributions through Fiscal Year 2058. In December 2024, the consulting actuary for the TRF prepared a baseline open group model of future funded ratios and annual contribution requirements for the TRF through Fiscal Year 2058. The modeling presented in Table 22a is based on the assumptions used for the actuarial valuation and actuarial methods of future annual employer contribution requirement figures as set out in the November 2024 TRF Valuation. The modeling does not represent a forecast, estimate or projection. The modeling does not reflect future factors or conditions that would cause the actual future experience of the TRF to diverge from the model. In particular, future actuarial valuations mandated by statute over the period of the modeling will result in recalculation of the annual employer contribution requirements for each biennial budget. No representation is made that future annual employer contribution requirements or funded ratios will conform to the modeling.

TABLE 22a

Modeling Of Teachers' Retirement Fund
Future Funded Ratios and Annual Contribution Requirements
(Dollars In Millions)[(a)]

The funded ratio and annual contributions for each fiscal year have been modeled based on the assumption of an actuarial valuation prepared as of the June 30 two years prior to the end of such fiscal year modeling.

Fiscal Year Ending June 30	Valuation Date June 30	Unfunded Accrued Liability	Funded Ratio as of Valuation Date	Normal Cost	Amortization of Unfunded Accrued Liability	Total State Contribution
2024	2022	$15,926.3	62.3%	$273.7	$1,280.8	$1,554.5
2025	2023	16,190.4	62.6	285.4	1,316.0	1,601.4
2026	2024	15,534.7	64.9	293.6	1,361.5	1,655.1
2027	2025	14,925.6	67.1	299.8	1,405.3	1,705.1
2028	2026	14,587.6	68.5	306.5	1,367.9	1,674.4
2029	2027	14,251.3	69.9	314.0	1,342.8	1,656.8
2030	2028	13,891.9	71.4	321.0	1,342.8	1,663.8
2031	2029	13,507.6	72.8	328.5	1,342.8	1,671.3
2032	2030	13,096.9	74.2	336.1	1,342.8	1,678.9
2033	2031	12,657.8	75.6	344.4	1,342.8	1,687.2
2034	2032	12,188.3	77.0	352.0	1,342.8	1,694.8
2035	2033	11,686.5	78.4	361.0	1,342.8	1,703.8
2036	2034	11,150.1	79.9	369.5	1,342.8	1,712.3
2037	2035	10,576.7	81.3	378.7	1,342.8	1,721.5
2038	2036	9,963.7	82.8	388.1	1,342.8	1,730.9
2039	2037	9,308.4	84.2	398.0	1,342.8	1,740.8
2040	2038	8,607.9	85.7	408.8	1,342.8	1,751.6
2041	2039	7,859.0	87.2	419.4	1,342.8	1,762.2
2042	2040	7,058.5	88.8	431.0	1,342.8	1,773.8
2043	2041	6,202.8	90.3	443.0	1,342.8	1,785.8
2044	2042	5,288.0	91.9	454.7	1,342.8	1,797.5
2045	2043	4,310.1	93.5	467.6	1,342.8	1,810.4
2046	2044	3,264.7	95.2	481.2	1,342.8	1,824.0
2047	2045	2,244.5	96.8	494.9	1,245.5	1,740.4
2048	2046	1,153.9	98.4	510.1	1,245.5	1,755.6
2049	2047	(133.8)	100.2	525.1	1,367.3	1,892.4
2050	2048	(92.7)	100.1	540.6	(50.4)	490.2
2051	2049	(80.4)	100.1	556.6	(18.7)	537.9
2052	2050	(23.5)	100.0	573.1	(62.5)	510.6
2053	2051	0.0	100.0	589.4	(25.1)	564.3
2054	2052	0.0	100.0	607.4	0.0	607.4
2055	2053	0.0	100.0	625.1	0.0	625.1
2056	2054	0.0	100.0	643.4	0.0	643.4
2057	2055	0.0	100.0	662.2	0.0	662.2
2058	2056	0.0	100.0	680.5	0.0	680.5

(a) In Fiscal Year 2050 and thereafter the annual employer contribution requirement consists only of the payment of the normal costs, which represents the portion of the present value of retirement benefits that are allocable to active members' current year of service. In the model, there no longer remains an unfunded actuarial accrued liability to be amortized.

Contribution, Eligibility and Benefits Requirements. Each member of the TRS is required to contribute 7% of annual salary for the pension benefit effective on and after January 1, 2018 (an increase of 1% from its prior level). The State's contribution requirement is determined in accordance with CGS Section 10-183z, which requires the retirement system to be funded on an actuarial reserve basis.

Eligibility for normal retirement benefits is available at age 60 for those with 20 years of credited Connecticut service, or 35 years of credited service including at least 25 years of service in Connecticut. The normal retirement benefit is 2% of average annual salary received during three years of highest salary times years of credited service (maximum benefit is 75% of average annual salary received during three years of highest salary), subject to certain maximum dollar limits under the Internal Revenue Code of 1986, as amended. In addition, amounts derived from the accumulation of supplemental account contributions made prior to July 1, 1989 and voluntary contributions by the member are payable. Effective January 1, 1999, there is a minimum monthly retirement benefit of $1,200 to members who retire under the normal retirement provisions and who have completed at least 25 years of full time Connecticut service at retirement. The plan also provides reduced early retirement and pro-ratable retirement benefit, disability benefits, return with interest on certain contributions upon termination of employment, and pre-retirement death benefits for spouses and dependent children. The average annual benefit payable to a retired member in fiscal year ending June 30, 2024 was approximately $52,345.

The plan includes cost-of-living allowances as set forth below:

TABLE 23
Teachers' Retirement Benefit Cost-Of-Living Allowances

Retirement Date	Adjustments Consistent With Adjustments To:	Minimum Increase	Maximum Increase	Limitation On Maximum Increase Based On Previous Year's Plan Assets Return
Prior to September 1, 1992	National Consumer Price Index for Urban Wage Earners and Clerical Workers	3.0% per annum	5.0% per annum	N/A
On or after September 1, 1992, and became System member before July 1, 2007	Social Security benefits	0.0% per annum	6.0% per annum	If asset return less than 6.9% per annum, the maximum increase is 1.5%
On or after July 1, 2007, and became System member after July 1, 2007	Social Security benefits	0.0% per annum	5.0% per annum	If asset return less than 9.9% per annum, the maximum increase is 3.0%; if less than 6.9% per annum, maximum increase is 1.0%.

A board of education may offer a retirement incentive plan. Such plan is required to provide for the purchase by the board of education and a member of the system who chooses to participate in the plan of additional credited service from the TRS for such member and for payment by the board of education of not less than 50% of the entire cost of such total cost. Any such plan shall specify a maximum number of years to be purchased, not to exceed five. Members must have attained age 50 and be eligible for retirement with the additional purchased service. The amount of service purchased cannot exceed the lesser of five years or one-fifth of the member's credited service.

GASB 67 and GASB 68 Disclosure as of June 30, 2024. The Teachers' Retirement Board received from Cavanaugh Macdonald Consulting, LLC a report prepared as of the period ending June 30, 2024 and dated February 2025 containing supplemental information to assist the Board in meeting the requirements of GASB Statement No. 67. Much of the material provided in the report is based on the data, assumptions and results of the November 2024 TRF Valuation. This report reported the following results as of June 30, 2024 with respect to the TRF in accordance with GASB 67:

GASB 67 Report as of June 30, 2024	
Total Pension Liability	$42,260.0 million
Fiduciary Net Position	$26,488.7 million
Net Pension Liability	$15,771.2 million
Ratio of Fiduciary Net Position to Total Pension Liability	62.68%

The GASB 67 report used a discount rate of 6.90%, which was the rate used in the November 2024 TRF Valuation, since the results currently indicate that the FNP will not be depleted at any point in the future. GASB 67 also requires sensitivity calculations based on a SEIR of 1% in excess and 1% less than the SEIR used, which would decrease the NPL to $11,298.6 million or increase the NPL to $21,158.7 million, respectively.

The Teachers' Retirement Board received from Cavanaugh Macdonald Consulting, LLC a report prepared as of June 30, 2024 and dated February 2025 containing supplemental information to assist the Teachers' Retirement Board in meeting the requirements of GASB 68. This report indicates a collective Pension Expense of $1,809.0 million as of June 30, 2024 for Fiscal Year 2025.

The audited financial statements for Fiscal Year 2024 will be included as **Appendix II-C** hereto when completed, and it is expected that certain notes and the Pension Plans Required Supplementary Information of the Basic Financial Statements will reflect the supplemental information reported in a February 14, 2024 GASB 67 report and a February 14, 2024 GASB 68 report. As those reports were prepared as of June 30, 2023 based on data, assumptions and results of a November 2023 TRF actuarial valuation, they do not reflect data, assumptions and results of the GASB 67 and GASB 68 disclosures described above.

SERF/TRF Sensitivity and Stress Test Analyses

Pursuant to CGS Section 4-68ee, the Secretary of OPM is required to develop and annually report to the Appropriations Committee of the General Assembly sensitivity and stress test analyses for SERS and TRF. The report is to include projections of benefit levels, pension costs, liabilities, and debt reduction under various economic and investment scenarios. The Secretary received from GovInvest a report titled Connecticut Pension Stress Test – State Employees Retirement System (SERS) and Teacher Retirement Systems (TRS) (the "2024 Stress Test Report"). The analysis utilizes the valuations for SERS and TRS as of June 30, 2023 and does not include the results of the November 2024 SERF Valuation or November 2024 TRF Valuation. However, the results were rolled forward one year (i) with respect SERF, to account for the actual Fiscal Year 2024 investment return of 11.52% and $514 million in supplemental contributions and (ii) with respect to TRS, to account for the actual Fiscal Year 2024 investment return of 11.50% and $420.1 million in supplemental contributions. The 2024 Stress Test Report concentrates on four specific scenarios: (i) investment returns above and below the assumed rate of return, (ii) a 20 percent asset shock, (iii) asset shock with contribution risk and (iv) high retiree COLAs. The results combine SERS and TRS to provide a complete, statewide assessment. The key findings from the analysis include:

- Baseline contribution requirements are projected to grow from current levels of $3.6 billion per year for the next 20 years until the unfunded liability is paid off in Fiscal Year 2047.
- Without the Fiscal Year 2024 additional deposits of approximately $930 million, the annual contribution plateau would have occurred around $3.7 billion per year and cost the State an additional $2.1 billion over the projection period.

- Funding levels will continue to improve over time even when investments underperform if ADEC are adjusted according to the funding policy. Maintaining baseline contribution patterns in an asset shock scenario, which includes a significant asset loss in Fiscal Year 2025, instead of following the ADEC would lead to slower funding recovery for both SERS and TRS and persistently low operating cash flow ratio for SERS.
- In the near term, the asset shock scenario causes contribution requirements to grow faster than projected revenues over the next five years, potentially leading to budget crowd out. Increases at TRS drive this growth, increasing 10 percent per year on average from Fiscal Years 2027-2030 under these scenarios.

It should be noted that the 2024 Stress Test Report did not reflect updated consensus revenues and actual Fiscal Year 2024 contributions, actuarial smoothing of investment returns, newer actuarial valuations or recalculation of future ADECs based on actual performance varying from assumed performance.

Investment of Pension Funds

Eleven investment funds serve as the investment medium for both SERF and TRF, as listed below along with the percentage allocation of holdings for the SERF and the TRF as of June 30, 2024 in each of these funds. See also **FINANCIAL PROCEDURES** herein.

TABLE 24
Pension Fund Investment Allocations
As of June 30, 2024*

	State Employees' Retirement Fund	Teachers' Retirement Fund
Domestic Equity Fund	30.4%	30.5%
Developed Markets International Stock Fund	13.1	13.1
Emerging Markets International Stock Fund	5.3	5.4
Real Estate Fund	6.3	6.3
Infrastructure and Natural Resources	2.9	3.0
Core Fixed Income Fund	14.8	14.9
Non-Core Fixed Income Fund	5.1	5.2
Liquidity Fund	1.3	0.7
Private Investment Fund	11.3	11.4
Private Credit Fund	5.0	5.0
Risk Mitigation Strategy	4.5	4.5
	100.0%	100.0%

* Pursuant to an Investment Policy Statement adopted in September 2022, pension fund investments will shift to other funds over the next three years. See **FINANCIAL PROCEDURES** herein.

Investment Returns

Annualized Net Returns on Investment Assets in
Retirement Funds
Periods Ending June 30, 2024

	1 Year	5 Year	10 Year	15 Year	20 Year	25 Year
SERF	11.52%	7.32%	6.67%	8.34%	6.80%	6.23%
TRF	11.50%	7.14%	6.55%	8.25%	6.81%	6.18%

Other Retirement Systems

The other minor retirement systems funded by the State include the Judges, Family Support Magistrates and Compensation Commissioners Retirement System (the Judicial Retirement System), the State Attorneys' Retirement Fund and the Public Defenders' Retirement Fund. As of June 30, 2024, there were 204 active members and 341 retired members and beneficiaries of these plans.

Unclassified employees of the Connecticut State System of Higher Education and the central office staff of the Department of Higher Education are eligible to participate in the Connecticut Alternate Retirement Program. This program is a defined contribution program, and thus the State has no unfunded liability with respect to the program. All member contributions and State appropriations are held in a separate retirement fund by the third party administrator of the plan, who invests the fund's assets allocable to a member at the direction of such member in the investment funds available under the plan. A member may not withdraw funds from the plan unless such member has reached age 55 and has terminated from service, retired or died, provided that any member with less than five years of participation in the plan who is under the age of 55 and terminates from service may rollover such member's entire account into an eligible retirement plan.

The State is the administrator of the Connecticut Municipal Employees' Retirement System and the Connecticut Probate Judges and Employees' Retirement System. As the administrator of these systems the State owes a fiduciary obligation to these systems; however, the State has no direct financial liability to pay benefits under these systems.

Social Security and Other Post-Employment Benefits ("OPEB")

Social Security. State employees and teachers are treated in various ways for purposes of federal social security. Most State employees are covered under social security, and most teachers are not. As of June 30, 2024, approximately 65,274 State employees were entitled to Social Security coverage. The following table summarizes this treatment.

Category	Covered
Teachers	No
State employees under the SERF	Yes
State employees under other retirement systems hired after 2/21/1958	No
State police hired after 2/21/58 and before 5/8/1984	No
State police hired after 5/8/1984	Yes
Employees under the Connecticut Alternate Retirement Program hired after 7/12/1990	Yes
Employees under the Connecticut Alternate Retirement Program hired before 7/12/1990	Could elect

The State appropriated $214.8 million and $217.3 million for Social Security coverage for Fiscal Years 2024 and 2025, respectively. Of such amounts, $196.0 million and $198.3 have been appropriated from the General Fund for Fiscal Years 2024 and 2025, respectively, with the remainder appropriated from the Special Transportation Fund.

OPEB – State Employees. The State provides post-retirement health care and life insurance benefits to eligible employees who retire from State employment. For new retirees with twenty-five or more years of service, retiree group life benefits are half of the amount an employee was eligible for as an active employee at the time of retirement; the benefit is governed by CGS 5-257. Retirees with less than twenty-five years of service shall receive the proportionate amount that such years of service is to twenty-five years rounded off to the nearest hundred dollars of coverage. Retirees do not contribute to the group life premium post-retirement; 100% of the cost of retiree group life insurance premium is funded by the State through a General Fund appropriation.

Retirees' health benefits are equivalent to the benefits offered to them as an active employee at the time of their retirement. There are five distinct retiree benefit designs dependent upon date of retirement. The covered benefits and plan offerings are equivalent across all groups with slight variations in copay costs and prescription formularies. The health plan includes a health enhancement program ("HEP") for those who retired after October 1, 2011. HEP is voluntary; members who complete age-appropriate preventive services are eligible for reduced copays, a waiver of the plan deductible, and a $100 per month reduced premium cost share. More than 90% of members are enrolled and compliant with HEP. The HEP program does not apply to Medicare Advantage enrollees, however those members receive the HEP compliant benefit design. Retirees who retired prior to July 1, 2022, receive full Medicare Part B and D premium reimbursement while those retiring after that date receive full reimbursement for the standard Part B premium, full Part D income-related premium and 50% of any Part B Income Related Monthly Adjustment Amount.

The State currently finances the cost of such benefits on a pay-as-you-go basis for life insurance benefits and on a pay-as-you-go basis through a transfer of an appropriation from the General Fund to a trust fund (the "OPEB Trust") established for the payment of post-retirement health care benefits, and for the accumulation of assets with which to pay post-retirement health care benefits to future retirees. Health care costs for current retirees are funded by retiree premiums and General Fund appropriations. Such expenses are paid out of a Retiree Funds Awaiting Distribution Account administered by the Office of the State Comptroller. Such account is separate and distinct from the OPEB Trust described above. As of June 30, 2024, the fair market value of the net assets within the OPEB Trust totaled $2.926 billion, adjusted to comply with GASB 72, invested in the Combined Investment Funds. The State will need to make significant General Fund appropriations for post-retirement health care and life insurance benefits in upcoming fiscal years. Because the plan is being funded on a pay-as-you-go basis, the amounts are much less than the annual required employer contribution payment calculated for the plan, which includes a component to amortize the UAAL.

Beginning on July 1, 2009 new hires and employees with fewer than five years of service were required to contribute 3% of salary for ten years, to be deposited into the trust. In 2011, an agreement with the State Employees' Bargaining Agent Coalition required all current employees to contribute 3% of compensation to the trust for ten years and a subsequent agreement in 2017 extended the requirement of trust contributions for a period of fifteen (15) years to all State employees hired on or after July 1, 2017. The State's contribution to the OPEB Trust to match State employee contributions consists of a combination of General Fund and Transportation Fund appropriations, and OPEB fringe benefit recoveries through the application of fringe benefit rates for the SERS and Alternative Retirement Plans.

The OPEB liability is determined using future health care cost trend rates that are based on the anticipated overall rate at which health plan costs are expected to increase in future years. While short term trend rates may reflect known contractual changes (increases and decreases), the long-term trend rates reflect the overall expectations for health care costs. OPEB liability can be very volatile; in recent years the State has seen significant swings in its OPEB liability as a result of decreases and increases in its Medicare Advantage premiums that were below or above projected amounts. Future health care costs are an unknown variable and are the primary driver of future projected OPEB liability.

Because of rising health care trends in the State's Medicare Advantage population and changes in federal reimbursements to Medicare Advantage plans, the State currently expects significant increases in Medicare Advantage rates for calendar years 2025 and 2026. Increased rates will result in a significant increase in projected Net OPEB liability from the liability presented in the 2024 SERS OPEB GASB 74 Report (as defined and discussed below).

OPEB Reporting Pursuant to GASB Statement Nos. 74 and 75. In June 2015, GASB released new accounting standards for public sector plans providing post-employment benefits other than pensions ("OPEB") and sponsoring employees, including GASB Statement No. 74 ("GASB 74"), effective for Fiscal Year 2017, and GASB Statement No. 75 ("GASB 75"), effective for Fiscal Year 2018. GASB 74 requires a determination of the Total OPEB Liability ("TOL") for a plan using the Entry Age Normal actuarial funding method. The Net OPEB Liability ("NOL") is then set equal to the TOL minus the plan's FNP which, generally, is the market value of assets in the plan as of the measurement date. Among the assumptions needed for the liability calculation is a SEIR, which is determined in the same manner as provided by GASB 67 for pension plans. GASB 75 requires, among other things, that OPEB Expense ("OE") be calculated and a proportionate share of NOL and OE be recognized in the employer's financial reporting. OE is calculated in a manner similar to the manner provided by GASB 68 for the calculation of TOL for pension plans. OE should not be considered a proxy for funding or contribution levels.

SERS OPEB Valuation and GASB 74 Report as of June 30, 2024. The State received from The Segal Group ("Segal") a report prepared as of June 30, 2024 and dated February 5, 2025 ("2025 SERS OPEB GASB 74 Report") containing supplemental information to assist the State in meeting the requirements GASB 74 with respect to the State's liability for post-retirement health care benefits (which include medical, prescription drug, dental and life insurance benefits) for eligible persons covered under SERS and other State retirement systems, excluding the TRS.

The 2025 SERS OPEB GASB 74 Report indicated the following as of June 30, 2024:

SERS OPEB GASB 74 Report as of June 30, 2024	
Total OPEB Liability	$19,277.6 million
Fiduciary Net Position	$ 3,126.1 million
Net OPEB Liability ("NOL")	$16,151.5 million
Ratio of Fiduciary Net Position to Total OPEB Liability	16.22%
ADEC (Fiscal Year 2024)	$ 1,725.9 million

In Fiscal Year 2024, the State's contribution was 44.6% of the ADEC. There has been no actuarial determinations of the ADEC or Annual OPEB Expense applicable to the Plan for Fiscal Year 2025.

The 2025 SERS OPEB GASB 74 Report uses (i) the characteristics of the members and beneficiaries as of June 30, 2023 and (ii) assets of the plan as of June 30, 2024, each as provided by the Office of the State Comptroller. The assets of the plan are as of June 30, 2024 In addition, the Total OPEB Liability was determined from actuarial valuations using data as of June 30, 2023 using the following actuarial assumption, applied to all period included in the measurement, unless otherwise specified, among others:

- An entry age normal actuarial cost method
- An expected long-term rate of return on Plan assets of 6.90%
- Salary increases of 3.00% to 11.5%, vary by service and retirement system, including inflation
- A discount rate used to measure Total OPEB Liability was 6.90% as of June 30, 2024 for contributory members and 3.9% for non-contributory members
- A payroll growth rate of 3.00%
- Medical and prescription drug cost trend rates of 43.03%, 60.47%, 24.36% then 5.75% decreasing by 0.25% each year to an ultimate level of 4.5% per year
- Dental trend rate of 2.60%, 4.45% then an ultimate level of 3.0% per year
- Part B trend rate of 4.5%

The tables below present the NOL of the Plan, calculated using the health care cost trend rates, as well as what the Fund's NOL as of June 30, 2024 would be if it were calculated using a health care cost trend rate that is 1% lower or higher than the current rate, and rate that is 1% lower or higher than the current discount rate, as set out in the 2025 SERS OPEB GASB 74 Report:

Net SERS OPEB Liability Sensitivity

Changes to Health Care Cost Trend Rates (In Millions)			
Health Care Cost Trend Rates	1% Decrease	Current	1% Increase
Net OPEB Liability	$13,808.6	$16,151.5	$19,038.5

Changes to Discount Rates (In Millions)			
Discount Rate	1% Decrease	Current	1% Increase
Net OPEB Liability	$18,788.8	$16,151.5	$13,988.9

For Fiscal Years 2020 through 2024, the State paid $743.1 million, $749.5 million, $735.5 million, $737.7 million and $693.0 million, respectively, for retirees' health care costs. While not a part of post-employment costs, for Fiscal Years 2020 through 2024, the State paid $682.0 million, $674.9 million, $672.9 million, $716.5 million and $624.3 million, respectively, for General Fund eligible employees' health care costs. For Fiscal Year 2025, the projected General Fund expenditure for retirees' health care costs is $772.0 million. For Fiscal Years 2020 through 2024, General Fund expenditures on life insurance benefits were $8.7 million, $8.7 million, $9.9 million, $10.5 million and $9.3 million, respectively. For Fiscal Year 2025, the projected General Fund expenditure on life insurance benefits is $9.2 million.

SERS OPEB GASB 75 Report as of June 30, 2024. The State received from The Segal Group a report measured as of June 30, 2023 and dated September 4, 2024 for purposes of reporting as of June 30, 2024 ("2024 SERS OPEB GASB 75 Report") containing supplemental information to assist the State in meeting the requirements GASB 75 with respect to the State's liability for post-retirement health care benefits (which include medical, prescription drug, dental and life insurance benefits) for eligible persons covered under SERS and other State retirement systems, excluding the TRS. The report used economic assumptions regarding future salary increases and investment earnings adopted by the State described in the 2023 SERS OPEB GASB 74 Report and other actuarial assumptions including regarding employee terminations, retirement and death, and determined the Annual OPEB Expense to be $196.0 million as of June 30, 2023. In addition, the 2024 SERS OPEB GASB 75 Report reported a Total OPEB Liability of $18,266.1 million and a Net OPEB Liability of $15,598.6 million, each measured as of June 30, 2023 measurement date. Consistent with the provisions of GASB 75, the assets and liabilities measured as of June 30, 2023 are not adjusted or rolled forward to the June 30, 2024 reporting date.

Set forth below for each of the past five fiscal years are the number of employees retired from State employment eligible to receive post-retirement health care and life insurance benefits, the number of retirees, respectively, actually receiving health care benefits and life insurance benefits, and the amount of General Fund appropriations by the State for such coverage.

TABLE 25
State Employee Retirees Health Care and Life Insurance Benefits

	2020	2021	2022	2023	2024
Retirees Eligible to Receive Benefits..................................	55,280	54,437	56,633	61,069	60,408
Retirees Receiving Health Care Benefits	52,021	52,990	53,481	57,696	57,217
Retirees Receiving Life Insurance Benefits	29,040	28,341	29,151	30,040	29,450
General Fund Appropriations for Retiree Health Care and Life Insurance Benefits (in millions)..	$ 751.8[(a)]	$ 758.2[(b)]	$ 745.4[(c)]	$ 743.8[(d)]	$ 701.5[(e)]

(a) The $751.8 million appropriated for Fiscal Year 2020 includes a combined appropriation of $8.7 million for active employees and retiree life insurance benefits. Of the $751.8 million appropriation, $743.1 million was expended on retiree health care benefits and $5.2 million was expended on retiree life insurance benefits.
(b) The $758.2 million appropriated for Fiscal Year 2021 includes a combined appropriation of $8.7 million for active employees and retiree life insurance benefits. Of the $758.2 million appropriation, $749.5 million was expended on retiree health care benefits and $5.2 million was expended on retiree life insurance benefits.
(c) The $745.4 million appropriated for Fiscal Year 2022 includes a combined appropriation of $9.9 million for active employees and retiree life insurance benefits. Of the $745.4 million appropriation, $735.5 million was expended on retiree health care benefits and $5.7 million was expended on retiree life insurance benefits.
(d) The $743.8 million appropriated for Fiscal Year 2023 includes a combined appropriation of $10.5 million for active employees and retiree life insurance benefits. Of the $743.8 million appropriation, $737.7 million was expended on retiree health care benefits and $6.1 million was expended on retiree life insurance benefits.
(e) The $701.5 million appropriated for Fiscal Year 2024 includes a combined appropriation of $8.5 million for active employees and retiree life insurance benefits. Of the $701.5 million appropriation, $693.0 million was expended on retiree health care benefits and $5.9 million was expended on retiree life insurance benefits.

OPEB – Teachers. The State is required to (i) make General Fund appropriations to the Teachers' Retirement Board to cover one-third of retiree health insurance costs plus any portion of the balance of such costs that is not funded from the amounts available in the Teachers' Retirement Health Insurance Fund ("TRHIF"); (ii) subsidize the health insurance costs of retired teachers who are not members of the Teachers' Retirement Board's health benefit plan; and (iii) provide an additional health insurance subsidy of at least $220 per month (which was increased to such amount from $110 on July 1, 2022) on behalf of retired teachers who are ineligible to participate in Medicare Part A "premium free" and who pay at least $440 per month (which was increased to such amount from $220 on July 1, 2022) to participate in the local board of education plan available to active teachers. **TABLE 26** provides the State contributions to the TRHIF for the past five fiscal years. The budget act for Fiscal Year 2025 includes $25.9 million for Fiscal Year 2025 to subsidize the TRHIF.

The Board implemented a Medicare Advantage with a prescription drug plan with United/Optum RX as the base plan effective January 1, 2022, otherwise referred to as a Medicare Advantage Prescription Drug Plan (MAPD). The United/OptumRX plan replaced the existing plan offered through Anthem Blue Cross Medicare Advantage PPO. The Board also replaced the existing Medicare Supplement with the same United/Optum RX as the Medicare Advantage effective January 1, 2022. Members opting to remain in the Medicare Supplement plan continue to pay the full excess cost of the plan.

The TRHIF is invested in the Short Term Investment Fund. See also **FINANCIAL PROCEDURES** herein. Fund assets do not constitute plan assets for purposes of GASB Statements Nos. 43 and 45, and for actuarial valuation purposes fund assets are not treated as valuation assets available to offset the accrued liability of the plan. During the period commencing July 1, 1994 and prior to July 1, 2018 retiree health benefits sponsored through the Teachers' Retirement Board were self-insured.

TRHIP OPEB GASB 74 and Valuation Report. The Teachers' Retirement Board received from Cavanaugh Macdonald Consulting, LLC, the Funding and Plan Accounting Report for the Connecticut State Teachers'

Retirement System Retiree Health Insurance Plan ("TRHIP") dated February 2025 representing the actuarial valuation of the TRHIP and containing information for the TRHIP required under GASB 74 ("February 2025 TRHIP Report"). The February 2025 TRHIP Report was prepared as of June 30, 2024 based on valuation results contained therein. All GASB 74 assumptions were selected for the measurement of the plan's benefit obligations as of June 30, 2024.

The February 2025 TRHIP Report indicated the following:

February 2025 TRHIP Report as of June 30, 2024 (Valuation)	
Actuarial Accrued Liability	$4,143.3 million
Actuarial Value of Assets	$ 258.4 million
Unfunded Actuarial Liability	$3,884.9 million
Ratio of Actuarial Value of Assets to Unfunded Actuarial Liability	6.24%
ADEC (Fiscal Year 2025)	$ 235.0 million
ADEC (Fiscal Year 2026)	$ 242.0 million
Annual Employer Contribution as a Percentage of Payroll	4.66%
February 2025 TRHIP Report as of June 30, 2024 (GASB 74)	
Total OPEB Liability	$3,493.6 million
Fiduciary Net Position	$ 258.4 million
Net OPEB Liability ("NOL")	$3,235.2 million
Ratio of Fiduciary Net Position to Total OPEB Liability	7.40%
NOL as a Percentage of Covered Compensation	64.01%

The February 2025 TRHIP Report was based upon the following assumptions and methodologies among others:

- An individual entry-age actuarial cost method
- Level percent-of-payroll contributions over an open 30-year amortization period
- An expected long-term rate of return on Plan assets of 3.0%
- Price inflation rate of 2.50%
- Real wage growth of 0.50%
- Wage inflation rate of 3.00%
- A discount rate of 3.93% for accounting purposes
- Payroll growth rate of 3.00%
- Projected salary increases, including wage inflation, of 3.00% to 6.50%
- Health care cost trend rates of 6.25% for 2024 decreasing to an ultimate rate of 4.50% by 2031

The February 2025 TRHIP Report also reported the NOL of the Plan, calculated using the health care cost trend rates, as well as what the Fund's NOL as of June 30, 2024 would be if it were calculated using a health care cost trend rate that is 1% lower or higher than the current rate, and a SEIR that is 1% lower or higher than the current SEIR, as set forth in the following table:

Net TRHIP OPEB Liability Sensitivity to Changes to Health Care Cost Trend Rates (In Millions)			
Health Care Cost Trend Rates	1% Lower Trend Rate	Current Trend Rates	1% Higher Trend Rate
Net OPEB Liability	$2,655.5	$3,235.2	$4,023.4

Net TRHIP OPEB Liability Sensitivity to Changes to Discount Rates (In Millions)			
Discount Rate	1% Decrease (2.93%)	Current (3.93%)	1% Increase (4.93%)
Net OPEB Liability	$3,940.3	$3,235.2	$2,684.5

TRHIP OPEB GASB 75 Report. The Teachers' Retirement Board received from Cavanaugh Macdonald Consulting LLC a report dated February 2025, prepared as of the June 30, 2024 measurement date for financial reporting as of June 30, 2025, and containing information to assist the Board in meeting the requirements of GASB 75 with respect to the TRHIP. The report indicates a collective OPEB Expense of $44.8 million for the Fiscal Year ending June 30 2024 measurement period.

Set forth below for each of the past five fiscal years are State contributions to the TRHIP to cover retiree health insurance costs and the portions of such contribution attributable to post-retirement Medicare supplement health insurance and to the health insurance cost subsidy for retired teachers who are not members of the Board's health benefit plan, active and retired teachers' contributions, investment income, the expenditures from the TRHIF, and the reported fund balance of the TRHIF as of June 30.

TABLE 26
Teachers' Retirement Health Insurance Fund
(In Thousands)

	Fiscal Year				
	2020	**2021**	**2022**	**2023**	**2024**
General Fund Contribution Attributable To Post Retirement Retiree Medicare Health Insurance....	$ 26,001.3	$ 24,405.4	$ 17,798.9	$ 12,116.2	$ 13,557.1
General Fund Contribution Attributable To Non-Board Health Insurance Cost Subsidy	5,532.1	5,006.0	5,044.1	9,357.5	8,208.2
Total General Fund Contributions.........	$31,533.4	$ 29,411.4	$ 22,843.0	$ 21,473.7	$ 21,765.3
Teacher Contributions (Active and Retired)	106,716.0	106,974.2	103,540.3	101,940.4	105,291.0
Investment Income...............................	848.3	90.8	450.4	7,568.8	12,911.3
Total Receipts	$136,737.0	$136,476.4	$126,833.8	$130,983.0	$139,967.6
Fund Expenditures	$(121,481.2)	$(92,804.7)	$ (75,931.9)	$ (82,433.0)	$(97,333.5)
Fund Balance as of June 30.............	$ 72,235.2	$115,906.9	$ 166,808.7	$ 217,819.5	$260,453.6

Additional Information

The audited financial statements for Fiscal Year 2024 will be included as **Appendix II-C** hereto when completed and it is expected that certain notes and the Pension Plans and Other Postemployment Benefit Plans Required Supplementary Information of the Basic Financial Statements, will provide additional information about the foregoing retirement systems and their funding.

The cumulative value of the annual differences between the State's contribution to a public employee pension or OPEB plan and the actuarially determined employer contribution to the plan for that fiscal year constitutes the "net pension obligation" or "net OPEB obligation" of the State with respect to such plan, and is reported as a liability in the State's financial statements. The net pension obligation or net OPEB obligation of the State with respect to a plan is not the equivalent of the State's actuarial accrued liability with respect to such plan.

CLIMATE CHANGE AND ENVIRONMENTAL MATTERS

Climate change refers to the effect that a warming and changing climate has on the environment, humans and infrastructure. Among the impacts of climate change are rising sea surface temperatures and sea levels and more frequent extreme weather events. In general, the State has been getting warmer and wetter. The effect of climate change extends to potential impacts on ecological habitats, species, agricultural products, air quality and diseases which are not all discussed here. Climate change is already impacting the State, the State is planning for these changes using locally-scaled approaches, while investing in clean and renewable energy to mitigate the State's Greenhouse Gas ("GHG") emissions. The State has endeavored to take a proactive and informed approach to ensure that the State's environment and economy continue to be sustainable. The State has experienced significant but unmeasurable losses from extreme weather events over the years and such events in the future could impose additional costs on residents, businesses and government that can adversely affect local, state and regional economies. These events impose recovery costs, often reimbursed by the federal government through emergency declarations, which can be further offset by investment in resiliency and sustainability. Rising sea levels increase the impact of these events and also require investment in adaptation.

Climate Impacts

Rising Sea Levels. While the State is less susceptible to flooding and rising sea levels than some other coastal states, it has 618 miles of coastline along Long Island Sound and Fishers Island Sound, with direct proximity to, but partially protected from, the Atlantic Ocean. The effects of rising sea levels are expected to be experienced in the next three decades primarily in the low-lying neighborhoods and natural areas that are in floodplains along the coastline and in tidal riverine areas. Rising sea levels are expected to result in increased tidal flooding, conversion of tidal wetlands to open water and increased rates of coastal erosion. Neighborhoods and roads that experienced infrequent flooding today and in the past could be challenged by flooding on a regular basis unless elevated.

The current sea level rise planning scenario adopted by the Department of Energy and Environmental Protection ("DEEP") projects a rise in the mean sea level in Long Island Sound of up to 20 inches above the 1983-2001 national tidal datum by 2050. It is estimated that approximately four inches of this maximum rise occurred by 2016. Analyses by the Connecticut Institute for Resilience & Climate Adaptation ("CIRCA") show that complexity of the coastal geometry and development patterns cause the magnitude of the increase in risk to vary across the State. As one example, in the portions of coastal eastern Connecticut where the annual risk of coastal flooding has been 10% (or 1 event every 10 years), a rise in sea level of 20 inches would increase that risk to 50% (or 1 event every 2 years).

Much of the State's coastline is rocky with substantial elevation changes, and the loss of land area to permanent flooding is likely to be limited to areas already currently affected by regular to occasional tidal flooding, depending on land elevation. The lowest lying areas that could be affected by increased frequency of tidal flooding, particularly urban areas, may require extensive renovation to harden construction in these areas, elevate properties, and increase resiliency, as well as protect fresh water supplies from saltwater intrusion. Higher water levels may also alter floodplain maps, resulting in higher insurance and building costs for new construction, reconstruction and renovation, and recovery from weather events. Higher water levels may also require future rebuilding of public roads, railroads and other infrastructure in these lower lying areas to account for the rise. These relatively slow-moving effects are continually studied and addressed at the state and local level, with many coastal communities conducting planning to evaluate risks and identify options to increase resilience.

Extreme Heat, Drought and Precipitation. The State is susceptible to heat waves, drought and increased precipitation. According to CIRCA, climate change is expected to increase average temperature by five degrees Fahrenheit by 2050. Average annual precipitation is expected to increase four inches by 2050 and the number of heat wave days from four to 48. The State also experiences abnormally dry or drought conditions. Indices of hot weather, summer drought, and extreme precipitation events (rain or snow) are all expected to increase by 2050 with a decrease in summer water availability. Extreme heat events pose a significant threat to public health in the State. The CT Water Council adopted the most recent drought preparedness and response plan in 2022, which lays out protocols for how the State prepares for and responds to drought conditions. Under the plan, all eight counties in CT were designated as a Stage 2 Drought in November 9, 2024. It is the second of five levels under the Connecticut Drought Preparedness and Response Plan, with Stage 1 being the lowest and Stage 5 the most extreme.

Extreme Storms. Like other New England states, the State is susceptible to storms, including blizzards, nor'easters and hurricanes. Wet weather events can cause river flooding, drainage problems and increased groundwater tables and can overwhelm sewer systems, especially with events that far exceed infrastructure design. These events are not limited to large storm systems such as nor'easters and hurricanes. These types of events also can be from localized "rain bomb" events that drop large amounts of rain in a short period of time, similar to what portions of the State experienced on August 18, 2024. As noted in the most recent report of the State's Governor's Council on Climate Change ("GC3"), though it is unclear whether the frequency or intensity of storms in Connecticut will change, they will likely bring higher winds and more precipitation during the event. In addition, infrastructure throughout the State has generally been designed on 25, 50 or 100 year storm specifications and existing flood plain and coastal area management designations. These may not fully capture all of the adaptation requirements required by climate change, which could lead to costly damage or destruction of infrastructure.

Wind events and ice storms also present threats due to downed trees and tree limbs blocking roads and bringing down power lines. Most of the State's power grid is above ground and exposed to such hazards. Like other states, in recent years, the State has had extensive damage and power outages due to storms. The Division of Emergency Management and Homeland Security ("DEMHS") works with municipalities and utilities on a regular basis to enhance preparation for, response to, and recovery from severe storms, including a Make Safe Protocol and improved communications among local, state, and private sector partners.

Wildfires. The State is not particularly vulnerable to wildfires except during times of drought, and has not itself experienced wildfire events of the magnitude experienced recently in Canada and California, with the concomitant effects on health, safety, and property damage. However, wide-scale wildfire events elsewhere, most particularly in Canada recently, have demonstrated the continental and perhaps transcontinental reach of such events, impacting the health of Connecticut residents. In the Fall of 2024, the State did experience an unprecedented period of unusually warm and dry weather that resulted in multiple extreme fire weather warnings. This period resulted in the most wildfires in the State's history, with 227 fires and more than 400 acres burned. The scale of these fires, while unprecedented in Connecticut, is extremely small compared to the major fires out west. As a result of after-action reviews, the State is reassessing its preparedness and readiness along with several statutory reviews to improve policies, procedures, and assessing available resources and training. While it is recognized there was widespread success preventing large conflagrations, the State is using this opportunity to identify areas for improvement.

State Actions to Improve Sustainability and Resiliency

Flood Control. The State has been active in taking steps to improve sustainability and resiliency. Many areas of the State have been protected from its rivers by the installation of levees, concrete walls, pump stations and conduit tunnels. However, the Army Corps of Engineers has rated the system seriously deficient in some areas that have experienced considerable flooding and have the potential to experience more in the future. While current maintenance has kept existing flood control structures meeting the minimum for certification by the Federal Emergency Management Agency ("FEMA"), there is a recognized need for more investment on the operations and maintenance of current flood control structures and new structures.

Climate Resilience Fund. To further protect areas of the State from the impacts of climate change, DEEP created the Climate Resilience Fund to serve as seed money to help Connecticut communities begin planning for climate change impacts and then propel those who have already completed planning into developing projects that are eligible for federal resilience grant funding competitions, with the goal of bringing federal funding for construction. In June 2023, the State announced the first round of 21 awards for resilience plans and project development, totaling $8.8 million. More than 90% of the funds went to communities where vulnerable populations reside, who will be disproportionately impacted by climate change. In 2024 DEEP launched a new Office of Planning and Resilience in the DEEP's Bureau of Water Protection and Land Reuse that will oversee all of the resilience investments and improve the agency's coordination and integration of climate resilience across the agency.

Rapid Response for Rebuilding with Resilience. On August 18, 2024, portions of Fairfield, New Haven, and Litchfield counties experienced a severe rain event that dropped more than 14 inches of rain in a few hours. The rain far exceeded the capacity of stormwater systems, causing nearly $300 million in damages. The event was designated as a presidentially declared disaster, which opened up access to FEMA reimbursement funds for local and state government, along with individual assistance available to qualifying homeowners. The State's Department of Economic and Community Development responded by making up to $5 million available to small businesses to assist with recovery and DEEP responded by offering contracted resources to municipalities that want to expand or modify rebuilding projects to make infrastructure more resilient.

Storm Water Infrastructure. Since 1990 the State has undertaken considerable efforts to upgrade and improve its water supplies and combined sewer and separated sewer capacity, with significant financial support from the State's Clean Water Fund. Federal appropriations are made for funding of wastewater treatment projects through the federal Clean Water Act of 1972 and water supply projects through the federal Safe Drinking Water Act. Several of the State's municipalities, including the Hartford area, are operating under consent orders with the State and the federal Environmental Protection Agency requiring such improvements. In addition, federal requirements for municipalities to adhere to municipal storm sewer system requirements will require many municipalities to install or significantly upgrade their storm water infrastructure. As the State sees more frequent heavy rainfall events there is also more regular stormwater flooding in streets and at times those floodwaters back up into private residences and businesses. To address this challenge in one community, in 2023 DEEP announced it will invent $85 million in State funding from the State's Clean Water Fund and Clean Water Fund related funding to implement a pilot program that will address sewage overflows in streets and basements in North Hartford, where vulnerable residents have been chronically impacted by the long-term recurrence of sewer overflow.

Natural Hazard Mitigation. DEMHS includes a Hazard Mitigation and Resiliency Unit, led by the State Hazard Mitigation Officer, who administers a number of federal hazard mitigation grant programs, including the FEMA disaster assistance Hazard Mitigation Grant Program and the Building Resilient Infrastructure and Communities Program. In 2025, DEMHS will be administering an additional FEMA mitigation grant, known as Swift Current. DEMHS solicits projects from state and local agencies to be funded by these and other programs. The State Hazard Mitigation Plan was recently revised to include a climate vulnerability assessment of critical facilities. DEMHS also coordinates the filing of local natural hazard mitigation plans with FEMA, as well as required revisions to the State Natural Hazard Mitigation Plan. These plans are prerequisites to federal funding.

Grid Resiliency. With respect to the power grid, the State and local municipalities have worked with the two main electric distribution companies in the State (Eversource and United Illuminating) to develop coordinated recovery plans. Hospitals, nursing homes and municipal water and sewerage systems are required to have auxiliary power. The State and the electric distribution companies have engaged in extensive tree removal and trimming efforts to increase the resilience of the grid system and mitigate extended power outages. DEEP administers a microgrid grant program to support local distributed energy generation to ensure critical facilities remain powered during outages and federal funding to support grid resilience. The Connecticut Public Utilities Regulatory Authority ("PURA") has authorized funding for substation flood mitigation and other storm hardening initiatives. Recent legislation holds the State's electric distribution companies accountable for any extended power outages and expands the microgrid program to cover resilience projects that prioritize the protection of vulnerable communities disproportionately impacted by climate change. Under a PURA order, Eversource and United Illuminating are conducting a Climate Change Vulnerability Study that considers the effect of extreme weather due to climate change on their respective operations, planning and infrastructure.

Department of Transportation Resilience Improvement Plan. Using federal funds from the U.S. Department of Transportation ("USDOT"), the Connecticut Department of Transportation ("ConnDOT") is developing a Resilience Improvement Plan ("RIP") to help identify climate-related vulnerabilities and prioritize solutions across the agency's multi-modal transportation network. By developing the RIP and incorporating it into the State's long-range transportation plan, Connecticut will be eligible to reduce its federal/state cost share on transportation projects funded by the USDOT. The process also prepares the state for the continued operation and rapid recovery of surface transportation systems affected by major weather events, including natural disasters and changing climate conditions. The plan is expected to be complete by early 2025.

Connecticut Green Bank. Established by the Connecticut General Assembly in 2011, the Connecticut Green Bank supports the Governor's and legislature's energy strategy to achieve cleaner, less expensive, and more reliable sources of energy while creating jobs and supporting the local economic development. In 2021, the Green Bank's model was expanded to include new areas of environmental infrastructure, related to climate adaptation and resiliency, land conservation, parks and recreation, agriculture, water, waste and recycling, and environmental markets, including carbon offsets and ecosystem services.

Resilience Opportunity Areas. CIRCA continues to work with communities across the State through its Resilient Connecticut initiative that uses the institute's vulnerability assessment tools to identify Resilience Opportunity Areas. These areas are expected to experience moderate to high impacts of climate change, have identified regional significance, and meet additional local, regional or State policy goals (such as housing, transportation, ecology, etc.) These areas are slated for consideration for additional technical assistance, planning, or funding. CIRCA published a resilience roadmap in July 2024 with recommendations for enhancing the State's climate resilience using lessons learned since the institute was created 10 years ago.

PFAS. Per- and polyfluoroalkyl substances ("PFAS") are widely used, long lasting chemicals, components of which break down very slowly over time and may be linked to harmful health effects. The State has an interagency task force to evaluate and address PFAS. This task force produced a PFAS Action Plan ("Action Plan") which includes recommendations to (i) minimize environmental exposure to PFAS for State residents, (ii) minimize future releases of PFAS to the environment and (iii) identify, assess and clean up historical releases of PFAS to the environment. In addition, the task force recommended education, outreach and communication on PFAS as well as following potential legislative opportunities to support the recommended actions. Since the release of the Action Plan, $7.3 million has been allocated to DEEP to: conduct private well testing in 10 communities where PFAS has been detected in groundwater and to provide bottled water and water filtration systems to those homes where the PFAS drinking water concentrations exceeded State drinking water action levels; implement a take-back program to collect and properly dispose of 35,000 gallons of PFAS-containing aqueous film forming foam ("AFFF") from municipal fire departments; drain and dispose of AFFF and PFAS-contaminated components (e.g., tanks and tubing) from the State's existing fleet of regional foam trailers; purchase new regional foam trailers containing PFAS-free firefighting foam for strategic deployment statewide; and conduct a pilot study to evaluate proprietary AFFF decontamination techniques for future use on State and municipal fire apparatus. The use of AFFF is now prohibited, and these efforts have largely eliminated one of the largest sources of PFAS in the State. An additional $2.5 million has been authorized for allocation to: address remediation of PFAS-contaminated soil at an elementary school utilized for municipal fire training activities; test for pollution from perfluoroalkyl and polyfluoroalkyl substances.

State Response to Reduce Its Contribution to Climate Change

The State has taken a number of actions to reduce its own impact on the environment pursuant to several Executive Orders, legislation and the recommendations of various studies and initiatives. The discussion that follows outlines a few of these actions.

GreenerGov and Lead by Example. In 2021, Governor Lamont, in his first Executive Order, set a goal for the executive branch of state government to achieve a 45% reduction in GHG emissions below 2001 levels by 2030, a 25% reduction in waste disposal by 2030 from a 2020 statewide baseline, and a 10% reduction in water consumption by 2030 from a 2020 statewide baseline. The order establishes a steering committee of State agencies to develop a strategy to achieve a 70% reduction in GHG emissions from 2016 levels by 2040, and zero emissions by 2050. Because data prior to Fiscal Year 2019 is limited, GreenerGov uses an additional baseline to reduce executive branch emissions 32.53% below Fiscal 2019 levels by 2030. As of Fiscal Year 2023, executive branch GHG emissions are down 14.3% from the baseline. GreenerGov indicates that its 138 bond-funded projects since 2012 have saved an estimated 2 million MMBtus and $10 million annually with a 17-year average project payback timescale. In Executive Order 21-3 the Governor directed further planning for decarbonizing State buildings and the State fleet. In 2022, the legislature passed the Connecticut Clean Air Act that set new goals for reducing emissions and air pollution from cars, transit buses, school buses, and trucks through the deployment of zero emission vehicles, expanded electric vehicle charging, and expanded rebates for e-bikes.

Climate Planning. DEEP conducts climate planning across all sectors to meet the State's statutory economy-wide GHG emissions reduction goals. In 2024, DEEP continued to update and develop new climate plans with $3 million in funding from the Environmental Protection Agency ("EPA") Climate Pollution Reduction Grant. DEEP published a priority climate action plan in March 2024 with near term implementable actions that built upon recommendations of the Governor's Council on Climate Change 2021 report and began work on an economy-wide comprehensive climate action plan set to be completed by July 2026. This plan will serve as the State's roadmap for how to reach the State's 2050 emissions reductions targets including a pathway to net zero by 2050.

Greenhouse Gas Inventory. DEEP provides a report card on over 30 years of greenhouse gas emissions in the State and tracks progress toward the State's statutory greenhouse gas emission-reduction targets. The latest inventory showed that the transportation, commercial building and residential building sectors are Connecticut's most carbon intensive. Transportation remains the largest source of emissions, accounting for just over 40% of emissions in 2022, with the commercial and residential building sectors comprising nearly 35% of emissions combined. Except for the COVID-19 pandemic-induced dip in emissions for the years 2020-2021, transportation emissions remain near their 1990 levels, despite significant improvements in automobile fuel economy over the past three decades. Improvements in fuel economy have reduced emissions per vehicle mile traveled, but those reductions have been offset by an increase in the overall number of miles driven. In 2022, electricity consumption emissions continued to drop to 16% below 2021 levels and 80% below 1990 levels. This is consistent with the findings of the Integrated Resources Plan released in 2021 that showed the State is on the path to achieving the Governor's goal of a 100% carbon free electric supply by 2040.

Climate Change Mitigation Actions. The State continues to look for opportunities to drive down greenhouse gas emissions in all sectors, particularly for the electric, buildings, and transportation sectors. In December of 2024, the State procured several clean energy projects that would result in a total of 518 megawatts (MW) of new solar generation and 200 MW of electric storage capacity. The projects are expected to improve grid reliability and save State ratepayers hundreds of millions of dollars over the twenty-year contract term. In 2024, the State successfully obtained hundreds of millions in federal funds through federal programs funded through the Bipartisan Infrastructure Law and the Inflation Reduction Act to improve energy affordability, reduce greenhouse gas emissions and air pollution, and make the grid more resilient. The State has received funds to, among other actions, increase the deployment of energy efficient heat pumps for building heating and cooling; to build electric vehicle charging infrastructure for commercial zero-emission medium- and heavy-duty vehicles; and to provide new and upgraded points of interconnection for up to 4800 MW of offshore wind and a multi-day energy storage system. The State expects to benefit from federal investments through programs that will allow more low-income families in the State to realize the benefits of solar and energy storage as well as energy efficiency improvements for their homes. Additionally, the State continues to leverage funding to support the adoption of electric vehicles in the State. As noted elsewhere, there is uncertainty currently as to whether these opportunities will continue to be available under the current federal administration.

LITIGATION

The State and its officers and employees are parties to numerous legal proceedings, many of which normally occur in government operations. The final outcomes of most of these legal proceedings are not, in the opinion of the Attorney General, either individually or in the aggregate likely to have a material adverse impact on the State's financial position.

There are, however, several legal proceedings which, if decided adversely against the State, either individually or in the aggregate may require the State to make material future expenditures or may impair revenue sources. It is not possible to determine the impact that the outcomes of these proceedings, either individually or in the aggregate, could have on the State's financial position. Among these proceedings, an adverse judgment in the matters described below, in the opinion of the Attorney General, individually could have a fiscal impact on the State of $50 million or more.

American Indian Tribes. It is possible that land claims could be brought by American Indian groups who have petitioned or do petition the Federal Government for federal acknowledgement. In any of the land claims matters, irrespective of whether federal acknowledgement is granted, denied or upheld, a particular group could institute or renew land claims against the State or others, or press the claims it has already asserted. The federal Bureau of Indian Affairs ("BIA") has adopted new regulations for the federal acknowledgement of tribes under relaxed standards. On January 14, 2025, the BIA announced a final rule effective February 14, 2025 that lifts the prior ban against re-petitioning and creates a conditional, time-limited opportunity for previously denied petitioners to re-petition for federal acknowledgement. This could result in re-petitions by previously denied petitioners such as the Schaghticoke Tribal Nation ("STN"), the Golden Hill Paugussett Tribe and the Eastern Pequot Tribal Nation, to seek acknowledgement under the new regulations. However, courts in litigation with other tribes have held that the prohibition on re-petitioning is invalid. In 2022, the BIA promulgated new rulemaking on this issue to address the district courts' concerns and bolster the long-standing prohibition on re-petitioning. The State is reviewing the final rule and any potential implications to pending matters, as well as any previously litigated matters involving tribes who failed to obtain federal recognition.

In and around March 2022, the Schaghticoke Indian Tribe ("SIT") filed a petition for acknowledgement with the BIA. The State opposed that petition in July 2022 on the grounds that, inter alia, SIT does not meet the requirements for a continuous tribal nation and, moreover, SIT is not a standalone tribe but is instead a splinter offshoot of STN and therefore is not entitled to recognition on its own. That petition and the State's and other entities opposition remain pending and the process will have several additional phases before any decision is reached.

D.J. v. Conn. State Board of Education is a federal court case brought by a special education student and a purported class of similarly situated special education students seeking compensatory education for the class which is made up of all special education students deprived of special education services after reaching the age of 21 for the two years before the action was filed and during the pendency of the case. The parties reached a final settlement of approximately $2.5 million which was approved by the court and is awaiting approval of the General Assembly.

OTHER MATTERS

Hospital Dispute

In Fiscal Year 2012, the State began levying a user fee on the net patient revenue of most hospitals in the State ("First Hospital User Fee"). A petition for a declaratory ruling was received by the Department of Social Services ("DSS") and the Department of Revenue Services ("DRS") claiming that the First Hospital User Fee was invalid as implemented under various constitutional and administrative provisions. The First Hospital User Fee was sunset by the General Assembly effective June 30, 2017. The General Assembly enacted a separate and distinct user fee on certain hospitals beginning July 1, 2017 ("Second Hospital User Fee"). On December 18, 2019, the General Assembly approved a settlement agreement among the State and the Connecticut Hospital Association and the petitioning hospitals that is expected to have a cost impact on the State of approximately $60 million to $186 million in each fiscal year through Fiscal Year 2026. The federal government issued the required approvals of the Second Hospital User Fee waivers and Medicaid State plan amendments, respectively, for the Second Hospital User Fee and Medicaid expenditures required under the settlement agreement. If after initial approval, during the term of the settlement agreement, federal requirements impact the ability of the State to implement the settlement agreement's requirements as to the Second Hospital User Fee or Medicaid expenditures in excess of $100 million on an annual basis, the State has the option to terminate the settlement agreement. If the federal requirements impact the State in excess of $50 million on an annual basis, the parties can either agree to an amendment to the settlement agreement or seek a court ordered modification that is designed to maintain a proportionate balance of benefits and burdens on the parties. Under the settlement agreement, for Fiscal Years 2020 to 2026 the hospitals agree not to challenge the Second Hospital User Fee or the Medicaid rates and supplemental payments.

Information Technology, Cybersecurity and Related Matters

Strategic Plan. The State's Information Technology strategic plan for Fiscal Year 2025 focused on four goals: (i) to optimize IT services across executive branch agencies for improved flexibility and efficiency; (ii) to grow digital government services, which will increase online services to residents and businesses; (iii) to improve cybersecurity statewide and (iv) to harness and appropriately manage the power of artificial intelligence ("AI") technology. To account for the increased cyber risk that is being experienced across all industries, the State authorized a total of $11.8 million to reduce cybersecurity risks. This investment to date has been used to improve security monitoring and vulnerability response capabilities and to upgrade State government endpoint and E-Mail security. There have been no cybersecurity incidents of note within the State as a result of these investments and ongoing organizational discipline.

The State recognized that resident demands for online services have continued to grow in recent years. Technology is being applied to make more transactions available to the public on a 24x7 basis. Recent additions include the State's business portal, Business.CT.gov, new tax system, new business registry system and improvements to the unemployment insurance system. This continued growth in online services creates a more responsive government to those that choose to work in that way with the State.

The State operates information technology systems critical to its operations. The State develops and publishes an annual IT strategic plan that outlines critical technology activities. To improve the efficiency and effectiveness of information technology within the State, the Department of Administrative Services undertook a reorganization of Executive Branch agency technology resources. In January 2022, the State began operation of the Department of Administrative Services / Bureau of Information Technology Solutions ("DAS/BITS"). This wide-ranging shared service includes infrastructure, applications, and user supports.

Systems. In accordance with these plans and prior initiatives, the State continues to make progress in improvements to its systems. Since 2015, the State's shared systems have been primarily operated through two data centers which allows infrastructure continuity through duplication at the two facilities. The two data centers operate in an "active/passive" mode, whereby the overall system load is handled by one of the two centers, and the applications and datasets are replicated in each. If one data center is offline, the entire load would shift to the other data center. Depending on the application criticality, some manual intervention may be required to return to operation. One data center is located in Groton, Connecticut and the other in Springfield, Massachusetts. The datasets are regularly verified for integrity, and backed up incrementally in stages covering approximately six months. Some of these backups are maintained externally to the datacenters. DAS/BITS has systems in place to monitor and protect against malicious events. The datacenters of the State have procedures in place to protect against unauthorized physical access, against misconduct or risks associated by personnel with physical access and similar risks, on a level comparable to the other parties collocated with it in the datacenters. Since these centers were put in operation, the State has been incrementally moving agency computing from older, location-based technology to a shared private cloud infrastructure. The State intends to vacate the Groton data center before 2029 and in the 2023 calendar year began substantive planning for the next iteration of computing.

The State has also embraced a measured approach to cloud computing when the benefits of the cloud outweigh the costs. Significant cloud migrations include the Microsoft 365 collaboration suite and, more recently, the migration of the State's enterprise resource planning system, Core-CT, to the Oracle Cloud in November 2023.

The State maintains an application portfolio of over 1,300 applications. Many of the State's critical administrative systems have undergone replacement of modernization in the last 5 years, including unemployment insurance, revenue and taxation, and Core-CT. Several other system modernizations are underway including Medicaid claims management, child support, child welfare, teachers' retirement and others. The State continues to support and modernize systems where appropriate and financially advantageous, migrating them to internal or external cloud solutions. Agencies using these applications may utilize internal or outside consulting assistance for improvements and maintenance of these systems.

The State maintains a State-wide fiber-optic networking system for its Connecticut Education Network ("CEN") and its Public Safety Data Network ("PSDN"). This network had been stable, seeing incremental expansion as schools, towns, libraries, State agencies, first responders and others were connected. The State's E911 system operates on this network, with microwave radio backup for the State police systems. Because of the critical nature of these systems, DAS/BITS has taken steps to ensure the continuity of the systems for natural events, the continuity of the systems for malicious events, and safeguarding the information maintained against theft and misuse. The systems are regularly monitored, evaluated, tested, and improved. Major equipment upgrades for both CEN and PSDN are currently underway that improve capacity, supportability and resilience. Individual offices of the State access the systems through internet facilities maintained by third parties, and those offices have varied levels of backup power and redundancy. No individual office is believed to be critical to the integrity of the overall systems; however far reaching events such as snowstorms, flooding, fire and other hazards may affect the ability of the State to deliver services as contemplated.

Cybersecurity. In calendar year 2023 steps continued to be taken to significantly harden the State's operations against cybersecurity threats. The State released the second statewide cybersecurity strategy, with input from federal, state and local partners, in March of 2022. This document outlines the critical importance of protecting all the digital assets in the State. The State has obtained the first and second year funding of a four-year Department of Homeland Security grant to address a "whole of state" approach to cybersecurity that factors in both state and local government entities through the Department of Emergency Services and Public Protection, Division of Emergency Management and Homeland Security ("DEMHS"), CT Intelligence Center and DAS/BITS. That funding was successfully distributed to the State and local municipalities to improve security fundamentals across the recipients. In 2024, the State began efforts to prioritize the 2023 year state and local cybersecurity grant program grant and application process, focusing on security fundamentals. The DEMHS Training and Exercise Unit includes a cybersecurity trainer to provide training to the State and local partners, as well as the public. The State convenes a monthly cybersecurity working group with local, state, federal, and private sector partners to raise awareness of current threats and to share best practices, gather statewide feedback and help prioritize initiatives. The State also operates under a State Cyber Disruption Response Plan and a Cyber Incident Response Plan, which was updated in January 2024.

Generally, the State's centralized systems were also protected by methods limiting access of users to relevant portions of the system. Malware infection introduced by one user may therefore be limited to the portions of the system accessible by that user. The State runs an incident response team and utilizes commercial software and solutions, and in the past five years, no malware incidents have materially affected State data or operations. In 2022, the State completed the rollout of Endpoint Detection and Response capabilities for servers and endpoints to provide advanced protections from constantly evolving threats. The State experienced an outage, along with many global entities related to the CrowdStrike incident in July 2024. Critical capabilities were restored within a couple of hours, all primary systems were restored within a few hours and all systems by the end of the first business day. This activity demonstrated the State's resilience and also the activation of the State's Cyber Disruption Response Plan. While technically not a cyber incident, the team responded with efficiency. The State is currently going through initial efforts to upgrade its security monitoring and event management system to provide modernized capabilities in protecting in-scope systems against modern attacks. Over the last year, the State has experienced no material cybersecurity incidents. Additional protections have developed and been put in place to continue addressing an evolving threat landscape, including working with StateRamp.org to streamline the ongoing assessments of the technology supply chain of government focused solutions.

The State's systems contain significant amounts of personally identifiable and non-public information. This includes social security identification numbers, credit card information, criminal and arrest records, medical records, driving records, educational records, information made available from the federal government and other states. The State limits misuse of this information by compartmentalizing access and endeavoring to design systems such that such information is encrypted, segmented and otherwise not available to unauthorized individuals gaining access to some portion of the State's systems. This information is nevertheless vulnerable to misuse by persons with authorized access to such information, persons with unauthorized access to such information (such as through phishing or other social engineering attack vectors), persons inadvertently granting access, and other means. The consequences of any such potential misuse, to the persons involved and to the State, cannot be predicted. To date the State has uncovered no such material unauthorized access, and continues to actively monitor its security posture and controls. The State endeavors to further mitigate any such potential misuse with thorough training of its users to recognize, and be able to effectively respond to common attack vectors.

Artificial Intelligence. Artificial Intelligence has quickly emerged as a critical topic for the State. Significant actions have been taken to ensure responsible use of the technology that also holds the promise to improve many government interactions. The State (i) developed an internal AI working group with expertise from several agencies, (ii) inventoried applications that area using AI and published that information to the States Open Data Portal; (iii) created the first draft of the Artificial Intelligence Policy; (iv) began the development of the procedures to ensure the technology is used in a continually equitable manner. The State continues to take an open and cautious approach to AI to ensure efforts and costs are aligned with benefits.

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APPENDIX –II-A

APPENDIX II-A

GOVERNMENTAL ORGANIZATION AND SERVICES

Introduction

The components and structure of State governmental organization are laid out in the State's Constitution and the General Statutes of Connecticut. A number of State-wide and regional authorities and similar bodies are also created or provided for in the General Statutes or by Special Act of the General Assembly. County government was functionally abolished in Connecticut in 1960. Local governmental functions are generally performed by the 169 cities and towns, or by special purpose authorities, districts and similar bodies located within the cities and towns. A number of regional bodies exist to perform governmental functions that would otherwise be performed at the local level. Most of the State's 169 cities and towns were established or incorporated during the 18th and 19th centuries, and many are still governed under charters enacted by the General Assembly by Special Act. The State's Constitution grants home rule powers to cities and towns, within certain limitations. A large number of smaller municipalities lack charters, and the components and structure of these municipalities are determined directly by the General Statutes. The General Statutes also contain a variety of provisions pertaining to the organization and operation of all units of local government, including both those with charters and those without. In addition to the 169 cities and towns that are the basic units of local government in Connecticut, the General Statutes provide procedures for the creation of many types of local special purpose authorities, districts and similar bodies. These include, among others, local housing authorities, regional school districts, and a variety of special tax and service districts.

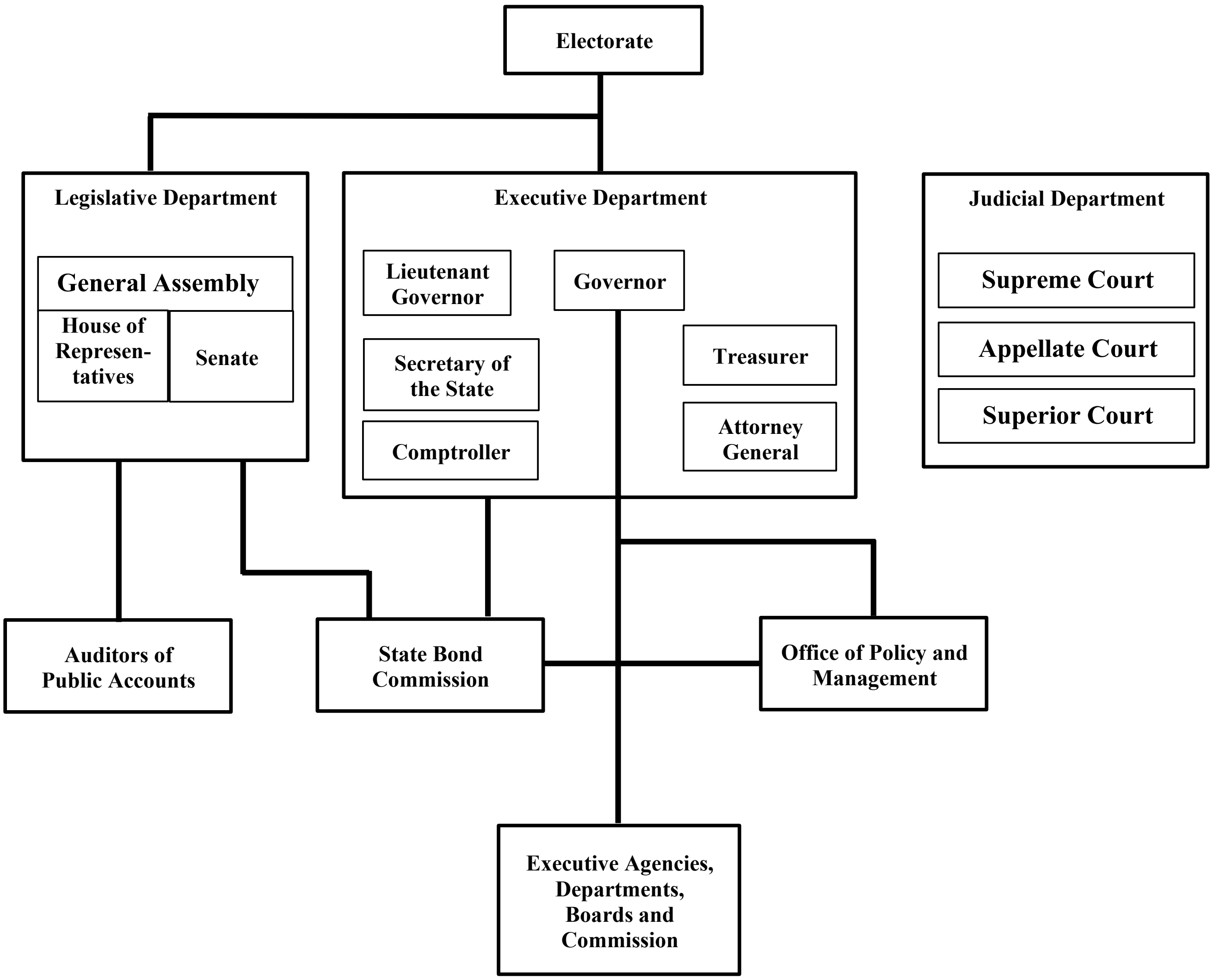
Under Connecticut law, all municipal governmental bodies have only the powers specifically granted to them by the State and the ancillary powers that are necessarily implied by powers explicitly granted. Municipalities which have the power to tax and to issue debt are explicitly denied the power by statute to file petitions to become debtors under Chapter Nine of Title 11 of the Federal Bankruptcy Code without the prior written consent of the Governor.

State Government Organization

Under the State Constitution, the legislative, executive and judicial functions and powers of State government are divided among three distinct branches referred to in the Constitution as "departments": the legislative department, the executive department and the judicial department. The following table shows the structure of the three departments.

TABLE A-1

Structure of State Government



Legislative Department. Legislative power is vested in the General Assembly, composed of the Senate and House of Representatives. Currently the Senate consists of 36 members, each representing a single senatorial district, and the House of Representatives consists of 151 members, each representing a single assembly district. Both the number of members and the boundaries of the legislative districts may vary in accordance with the requirements of the State's Constitution. The General Assembly is assisted by a full-time staff. General Assembly employees are included under the legislative function in Tables A-2 and A-3 below.

General Assembly members are elected biennially at the general election in November in even numbered years and take office in the January following their election. Elections for the General Assembly were held in November 2022, and the new members took office in January 2023.

A regular session of the General Assembly is held each year. These sessions run from January through June in odd-numbered years and February through May in even-numbered years. The General Assembly reconvenes for special sessions in general only in emergencies or to consider bills or appropriations vetoed by the Governor. Even-year sessions are supposed to be limited to budgetary, revenue and financial matters, bills and resolutions raised by committees of the General Assembly and certified emergencies.

Two Auditors of Public Accounts, who cannot be of the same political party, are appointed by the General Assembly to four-year terms. The State Auditors are required to make an annual audit of the accounts of the Treasurer and the Comptroller and, biennially or as frequently as they deem necessary, to audit the accounts of each officer, department, commission, board and court of the State government authorized to expend State appropriations. The Auditors are required to report unauthorized, illegal, irregular or unsafe handling or expenditure of State funds or quasi-public agency funds or any actual or contemplated breakdown in the safeguarding of any resources of the State or a quasi-public agency promptly upon discovery to the Governor, the State Comptroller, the Attorney General and appropriate legislative agencies. The Auditors may give an agency a reasonable amount of time to conduct an investigation in certain circumstances prior the Auditors reporting the matter to such officials. Each budgeted agency of the State must keep its accounts in such form and by such methods as to exhibit facts required by the State Auditors. A full-time staff assists the State Auditors. Employees of the State Auditors are included under the legislative function in **Tables A-2** and **A-3** below.

Executive Department. The Governor, Lieutenant Governor, Secretary of the State, Treasurer, Comptroller and Attorney General, whose offices are mandated by the State's Constitution, were elected at the general election in November 2022 for terms beginning in January 2023. Elections for all of these offices are held every four years. The Governor and Lieutenant Governor are elected as a unit.

The supreme executive power of the State is vested in the Governor. The Governor has the constitutional responsibility for ensuring that the laws are faithfully executed, giving the General Assembly information on the state of the government, and recommending to the General Assembly such measures as the Governor may deem expedient. The Governor is empowered to veto bills and line items in appropriations bills, but the General Assembly may reconsider and repass such matters upon a two-thirds vote of each house, whereupon such bills or appropriations become law. Broad appointive and investigative powers are conferred upon the Governor by statute. The Lieutenant Governor serves as President of the Senate and becomes Governor in case of the inability of the Governor to exercise the powers and perform the duties of the office.

The Treasurer is primarily responsible for receiving and disbursing all monies belonging to the State, superintending the collection of State taxes and revenues and the investment of State funds, administering certain State trust funds and managing State property. Subject to the approval of the Governor, the Treasurer is authorized, when necessary, to make temporary borrowings evidenced by State obligations. In addition, the State Bond Commission may delegate to the Treasurer the responsibility for determining the terms and conditions and carrying out the issuance of State debt.

The Secretary of the State administers elections, has custody of all public records and documents, and certifies to the Treasurer and the Comptroller the amount and purpose of each appropriation made by the General Assembly.

The Comptroller's primary duties include adjusting and settling public accounts and demands and prescribing the method of keeping and rendering all public accounts. All warrants and orders for the disbursement of public money are registered with the Comptroller. The Comptroller also has authority to require reports from State agencies upon any matter of property or finance and to inspect all records in any public office, and is responsible for examining the amount of all debts and credits of the State. The Comptroller is required to issue monthly reports on the financial condition of the State, which are prepared on a modified cash basis and are not audited.

The Attorney General has general supervision over all legal matters in which the State is an interested party except those legal matters over which prosecuting officers have discretion. The duties of the office include giving advice and, on request, rendering legal opinions to the legislative and executive departments as to questions of law. Among the Attorney General's statutory duties concerning State financial matters are membership on the State Bond Commission, the approval of all State contracts or leases and appearing before any committee of the General Assembly to represent the State's best interests when any measure affecting the State Treasury is pending.

In addition to the constitutionally mandated offices, the General Statutes provide for a number of executive branch agencies, departments and commissions, each of which generally has its own agency head appointed by the Governor, in most cases with the advice and consent of one or both houses of the General Assembly. Of these statutorily established offices, the one most directly related to the fiscal operation and condition of the State is the Office of Policy and Management. The Secretary of the Office of Policy and Management is directly responsible to the Governor for policy development in four major areas: budget and financial management, policy development and planning, management and program evaluation, and intergovernmental policy. The Office of Policy and Management has significant responsibility in preparing the State budget, in assisting the Governor in policy development and in representing the State in most collective bargaining negotiations. It is the duty of the Office of Policy and Management to prepare and furnish to the General Assembly and Comptroller financial and accounting statements relating to the State's financial condition and general accounts, and to examine and assist in the organization, management and policies of departments and institutions supported by the State in order to improve their effectiveness. The Secretary of the Office of Policy and Management, like the Comptroller, is empowered to inspect the financial records and to require reports of State agencies.

Employees of the executive department are included in **Tables A-2** and **A-3** below under all function headings except the legislative and judicial functions. A list of the major executive branch agencies, departments and commissions, by function headings, is found in **Table A-5**.

Judicial Department. The State's judicial department consists of three principal trial and appellate courts: the Superior Court, the Appellate Court, and the Supreme Court.

The Superior Court is vested with original trial court jurisdiction over all civil and criminal matters. By statute, there are 201 authorized Superior Court judges, with approximately 186 sitting judges as of February 1, 2025, each nominated by the Governor and appointed by the General Assembly to eight-year terms.

The Appellate Court hears appeals from decisions of the Superior Court except for certain matters which are directly appealable to the Supreme Court. There are nine Appellate Court judges nominated by the Governor and appointed by the General Assembly to eight-year terms.

The Connecticut Supreme Court reviews decisions of the Appellate Court and, in certain cases, of the Superior Court. Except in cases where original jurisdiction exists in the Supreme Court, there is no right of review in the Supreme Court unless specifically provided by statute. The Supreme Court consists of seven Justices (one Chief

Justice and six Associate Justices) nominated by the Governor and appointed by the General Assembly to eight-year terms.

In addition to the principal trial and appellate courts, there is a Court of Probate in each of 54 probate districts situated throughout the State.

Employees of the judicial department are shown in **Tables A-2** and **A-3** under the judicial function heading.

Quasi-Public Agencies. In addition to the budgeted components of State government provided for in the State's Constitution and the General Statutes, important State-wide governmental functions are performed by quasi-public agencies, authorities and similar bodies created under the General Statutes. A number of these entities receive significant funding from the State, although they are not budgeted agencies of the State. Each of these entities is governed by a board of directors chosen in accordance with its respective enabling statute. These boards generally include legislative appointees, gubernatorial appointees and ex-officio directors holding certain executive branch offices.

State Employees

Employment Statistics. Statistics regarding approximate filled permanent full-time positions within budgeted components of State government are shown on the following two tables.

TABLE A-2
State Employees(a)
By Function of Government

Function Headings(b)	2020	2021	2022	2023	2024
Legislative	532	533	535	561	565
General Government	2,767	2,749	2,971	3,159	3,350
Regulation and Protection	3,749	3,757	3,740	3,710	3,844
Conservation and Development	1,353	1,398	1,354	1,335	1,479
Health and Hospitals	5,792	5,529	5,402	5,539	6,046
Transportation	4,469	4,477	4,505	4,557	4,594
Human Services	2,094	2,082	1,992	2,048	2,200
Education	16,276	16,144	16,324	15,101	17,181
Corrections	8,706	8,405	8,204	8,179	8,345
Judicial	4,166	3,965	4,060	4,154	4,218
Total	49,904	49,039	49,087	48,343	51,822

(a) Table shows count of employees by fund category and function of government paid in April of each year. Employees working in multiple government functions or paid through multiple fund sources are counted multiple times.
(b) A breakdown of the budgeted agencies, boards, commissions and similar bodies included in each of the listed government function headings is shown in **Table A-5**.

SOURCE: OPM

TABLE A-3
State Employees As of April 30, 2024[a][b]
By Function of Government and Fund Categories

Function Headings	General Fund	Special Transportation Fund	Other Appropriated Funds	Special Funds – Non-Appropriated	Federal Funds	TOTALS
Legislative	565					565
General Government	3,023	34	27	110	156	3,350
Regulation and Protection	2,139	538	451	359	357	3,844
Conservation and Development	780	48	135	88	428	1,479
Health and Hospitals	5,577		29		440	6,046
Transportation		3,067		631	896	4,594
Human Services	1,886		6		308	2,200
Education	3,437			13,399	345	17,181
Corrections	8,260			74	11	8,345
Judicial	4,126		10	22	60	4,218
Total	**29,793**	**3,687**	**658**	**14,888**	**3,001**	**51,822**

(a) Table shows a count of paid employees by fund category. Employees working in multiple government functions or paid through multiple fund sources are counted multiple times.
(b) Reflects funding source based on Core-CT chart of accounts coding.

SOURCE: OPM

Collective Bargaining Units and Process. The General Statutes guarantee State employees, other than elected or appointed officials and certain management employees and others with access to confidential information used in collective bargaining, the right to organize and participate in collective bargaining units. There are presently 49 such bargaining units representing State employees. The General Statutes establish the general parameters of the collective bargaining process with respect to bargaining units representing State employees. At any given point in time, there are generally a number of collective bargaining units with agreements under negotiation. All collective bargaining agreements require approval of the General Assembly. The General Assembly may approve any such agreement as a whole by a majority vote of each house or may reject any such agreement as a whole by a majority vote of either house. An arbitration award may be rejected in whole by a two-thirds vote of either house of the General Assembly upon a determination that there are insufficient funds for full implementation of the award.

If an agreement is rejected, the matter shall be returned to the parties who shall initiate arbitration. The parties may submit any award issued pursuant to such arbitration to the General Assembly in the same manner as the rejected agreement. If the arbitration award is rejected by the General Assembly, the matter shall be returned again to the parties for further arbitration. Any award issued pursuant to such further arbitration shall be deemed approved by the General Assembly.

The General Statutes deny State employees the right to strike. Questions concerning employment or bargaining practices prohibited by the sections of the General Statutes governing collective bargaining with regard to State employees may generally be brought before the State Board of Labor Relations.

Information regarding employees participating in collective bargaining units and employees not covered by collective bargaining is shown in the following table:

TABLE A-4
Full-Time Work Force
Collective Bargaining Units and
Those Not Covered by Collective Bargaining

Bargaining Unit/Status Group	Percentage of State Employees Represented[a]	Contract Status, if any
Covered by Collective Bargaining		
Administrative and Residual (P-5)	6.38%	Contract in place through 6/30/2025
Administrative Clerical (NP-3)	4.62%	Contract in place through 6/30/2025
American Federation of School Administrators	0.14%	Contract in place through 6/30/2025
Assistant Attorneys General (P-6)	0.38%	Contract in place through 6/30/2025
Assistant Attorney General Dept. Heads (P-7)	0.03%	Contract in place through 6/30/2025
Board for State Academic Awards Prof	0.13%	Contract in place through 6/30/2025
Community College Administration - AFSCME	0.17%	Contract in place through 6/30/2025
Community College Administration – CCCC	1.42%	Contract in place through 6/30/2025
Community College AFT – Counselors/Librarians	0.02%	Contract in place through 6/30/2025
Community College Faculty – AFT	0.28%	Contract in place through 6/30/2025
Community College Faculty – CCCC	1.01%	Contract in place through 6/30/2025
Connecticut Association of Prosecutors	0.42%	Contract in place through 6/30/2025
Correctional Officers (NP-4)	7.72%	Contract in place through 6/30/2025
Correctional Supervisor (NP-8)	0.96%	Contract in place through 6/30/2025
Criminal Justice Inspectors	0.14%	Contract in place through 6/30/2025
Criminal Justice Residual	0.25%	Contract in place through 6/30/2025
DCF Program Supervisors - AFSCME	0.19%	Contract in place through 6/30/2025
DPDS Asst Public Defenders	0.39%	Contract in place through 6/30/2025
DPDS Supervising Attorneys - AFSCME	0.04%	Contract in place through 6/30/2025
Education Administrative (P-3A)	0.44%	Contract in place through 6/30/2025
Education Technical (P-3B)	1.08%	Contract in place through 6/30/2025
Engineering, Scientific and Technical (P-4)	5.15%	Contract in place through 6/30/2025
GEU-UAW Graduate Empl Union	3.27%	Contract in place through 6/30/2025
Health Care Unit-Non-Professional (NP-6)	5.04%	Contract in place through 6/30/2025
Health Care Unit-Professional (P-1)	6.03%	Contract in place through 6/30/2025
Higher Education – Professional Employees	0.00%	Contract in place through 6/30/2025
Judicial - Judicial Marshals	1.05%	Contract in place through 6/30/2025
Judicial – Law Clerks	0.10%	Contract in place through 6/30/2025
Judicial – Non-Professional	2.50%	Contract in place through 6/30/2025
Judicial – Professional	2.28%	Contract in place through 6/30/2025
Judicial – Professional B	0.33%	Contract in place through 6/30/2025
Judicial - Supervising Judicial Marshals	0.10%	Contract in place through 6/30/2025
Judicial – Professional Appellate	0.04%	Contract in place through 6/30/2025
Protective Services (NP-5)	1.47%	Contract in place through 6/30/2025
Service/Maintenance (NP-2)	6.91%	Contract in place through 6/30/2025
Social and Human Services (P-2)	7.17%	Contract in place through 6/30/2025
State Vocational Federation of Teachers	2.39%	Contract in place through 6/30/2025
State Police (NP-1)	1.68%	Contract in place through 6/30/2026
State Police Lieutenants and Captains (NP-9)	0.07%	Contract in place through 6/30/2025
State University-Faculty	2.42%	Contract in place through 6/30/2025
State University- Non-Faculty Professional	1.82%	Contract in place through 6/30/2025
UCHC – Faculty	0.08%	Contract in place through 6/30/2025
UCHC – Faculty AAUP	1.03%	Contract in place through 6/30/2025
UCHC University Health Professionals	5.56%	Contract in place through 6/30/2025
UConn – Faculty	3.70%	Contract in place through 6/30/2025
UConn – Law School Faculty	0.09%	Contract in place through 6/30/2025
UConn - Non-Faculty	3.97%	Contract in place through 6/30/2025
UConn – UAW Postdoc	0.27%	Contract in place through 6/30/2026
Total Covered by Collective Bargaining	90.71%	
Not Covered by Collective Bargaining		
Auditors of Public Accounts	0.24%	Not Applicable
Other Employees	9.05%	Not Applicable
Total Not Covered by Collective Bargaining	9.29%	
Total Full-Time Work Force	100.00%	

(a) Percentage expressed reflects approximately 53,410 filled full-time positions as of February 1, 2025.

SOURCE: OPM

Governmental Services

Services provided by the State or financed by State appropriations are classified under one of ten major government function headings or are classified as "non-functional". These function headings are used for the State's General Fund and for other funds of the State used to account for appropriated moneys. State agencies, boards, commissions and other bodies are each assigned to one of the function headings for budgeting purposes. The following table shows a breakdown of the government function headings according to the major agencies, boards, commissions and other bodies assigned to them.

TABLE A-5

Function of Government Headings[(a)(b)]

Conservation and Development
Department of Agriculture
Department of Energy and Environmental Protection
Department of Economic and Community Development
Department of Housing
Agricultural Experiment Station

Corrections
Department of Corrections
Department of Children and Families

Education, Libraries and Museums
Department of Education
State Library
Office of Early Childhood
University of Connecticut
University of Connecticut Health Center
Connecticut State Colleges and Universities
Office of Higher Education
Teachers' Retirement Board

General Government
Governor's Office
Lieutenant Governor's Office
Secretary of the State
Office of Governmental Accountability
State Treasurer
State Comptroller
Department of Revenue Services
Office of Policy and Management
Department of Veterans Affairs
Department of Administrative Services
Attorney General
Division of Criminal Justice

Health and Hospitals
Department of Public Health
Office of Health Strategy
Office of the Chief Medical Examiner
Department of Developmental Services
Department of Mental Health and Addiction Services
Psychiatric Security Review Board

Human Services
Department of Social Services
Department of Rehabilitation Services

Judicial
Judicial Department
Public Defender Services Commission

Legislative
Legislative Management
Auditors of Public Accounts
Commission on Women, Children Seniors, Equity and Opportunity

Regulation and Protection
Department of Emergency Services and Public Protection
Department of Motor Vehicles
Military Department
Department of Banking
Insurance Department
Office of Consumer Counsel
Office of the Health Care Advocate
Office of the Behavioral Health Advocate
Department of Consumer Protection
Department of Labor
Commission on Human Rights and Opportunities
Workers' Compensation Commission

Transportation
Department of Transportation

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(a) In addition to the ten listed government function headings, the State also employs a "non-functional" heading under which are grouped various miscellaneous accounts including debt service and State employee fringe benefit accounts.
(b) Listing of agencies, boards, commissions and similar bodies is as of July 1, 2024.

SOURCE: OPM

In addition to services provided directly by the State, various State-wide and regional quasi-public agencies, authorities and similar bodies also provide services. Such entities principally assist in the financing of various types of facilities and projects. In addition to their own budgetary resources and the proceeds of their borrowings, a number of such entities have received substantial funding from the State, which the entities generally use to provide financial assistance to the general public and the private and nonprofit sectors.

Because Connecticut does not have an intermediate county level of government between State and local government, local entities provide all governmental services not provided by the State and quasi-public agencies. Such services are financed principally from property tax revenues, State funding of various types and federal funding.

Department of Emergency Services and Public Protection. The Department of Emergency Services and Public Protection (DESPP) is responsible for providing a coordinated, integrated program for the protection of life and property and for state-wide emergency management and homeland security. Through the Division of Emergency Management and Homeland Security (DEMHS), the Department is responsible for the preparation of a comprehensive civil preparedness plan and program, including integration and coordination with planning and activities of the federal government, other states, and towns, cities and tribal nations within the State. The State's plans include the State Response Framework and the State Disaster Recovery Framework and the State Natural Hazard Mitigation Plan, which includes consideration of how climate change is and will continue to affect the frequency, intensity, and distribution of specific hazards. For planning purposes, DEMHS has given priority for preparedness to the following potential scenarios: (i) a severe weather event in or affecting Connecticut; (ii) a terrorist attack in or affecting Connecticut (cyber and/or physical), and (iii) a release of contamination from the Millstone Power Plant or other major chemical, biological radiological, nuclear or explosive release. Although these three events are still priority disasters, it is clear that response to a pandemic disaster can also be a priority in the State. The State responds to all disasters by following the all-hazards State Response Framework and operating the Emergency Operations Center in person and virtually. Recent disasters include historic flooding in August 2024 and the outbreak of wildfires in October and November 2024 during which such response was successfully implemented.

Current planning activities at the State level include multiple cyber security initiatives, including a State Cyber Security Strategy and Action Plan, Cyber Incident Response Plan, and Cyber Disruption Response Plan, which is an annex to the State Response Framework. DESPP/DEMHS also operates the State's fusion center – the Connecticut Intelligence Center – which is a multi-agency, multi-jurisdictional entity which collects, analyzes and disseminates intelligence information to law enforcement and other groups as appropriate. CTIC staff includes a cyber intelligence analyst. DESPP/CSP operates the CT State Police Cyber Crimes Investigative Unit. DEMHS includes a Radiological Emergency Preparedness Unit, which, among other things, conducts regular exercises evaluated by the Federal Emergency Management Agency (FEMA). DESPP/DEMHS is also actively involved in both school security planning and the State school security grant program, as well as program management of many other grant programs, including FEMA mitigation and disaster grants and state and federal non-profit security grants. The DEMHS Training and Exercise Unit functions include training on Targeted Violence and Terrorism Prevention and Cybersecurity.

Pursuant to the Connecticut General Statutes, the Commissioner of the Department is required to file an annual report each January to the joint standing committee of the General Assembly having cognizance of matters relating to public safety, which report specifies and evaluates statewide emergency management and homeland security activities during the preceding calendar year. In April 2015, the State received accreditation for its emergency management and homeland security activities from the nationally recognized Emergency Management Accreditation Program. Under the state emergency management and homeland security re-accreditation process, DEMHS received full re-accreditation in 2020. Re-accreditation occurs every five years and DEMHS will under the process beginning May 2025.

APPENDIX II-B

APPENDIX II-B

STATE ECONOMY

Connecticut is a highly developed and urbanized state. It is situated directly between the financial centers of Boston and New York. Connecticut is located on the northeast coast and is the southernmost of the New England States. It is bordered by the Long Island Sound, New York, Massachusetts and Rhode Island. Over one quarter of the total population of the United States and more than 50% of the Canadian population live within a 500-mile radius of the State.

Economic Resources

Population Characteristics. The State's population growth rate, which exceeded the United States' rate of population growth during the period from 1940 to 1970, slowed substantially and trailed the national average markedly during the past five decades. The following table presents the population trends of Connecticut, New England, and the United States since 1940. Connecticut's population increased 0.7% from 2015 to 2024 versus an increase of 2.4% in New England and 5.7% for the nation. The mid-2024 population in Connecticut was estimated at 3.635 million, a 0.4% change from a year ago, compared to an increase of 0.5% for New England and an increase of 0.9% for the United States. From 2015 to 2024, within New England, Massachusetts (2.6%), New Hampshire (4.4%), Maine (4.9%), Rhode Island (2.2%) and Vermont (2.0%) all experienced growth higher than Connecticut (0.7%).

TABLE B-1

Population
(In Thousands)

	Connecticut		New England		United States	
Calendar Year	Total	% Change	Total	% Change	Total	% Change
1940 Census	1,709		8,437		132,165	
1950 Census	2,007	17.4%	9,314	10.4%	151,326	14.5%
1960 Census	2,535	26.3	10,509	12.8	179,323	18.5
1970 Census	3,032	19.6	11,847	12.7	203,302	13.4
1980 Census	3,108	2.5	12,349	4.2	226,542	11.4
1990 Census	3,287	5.8	13,207	6.9	248,710	9.8
2000 Census	3,406	3.6	13,923	5.4	281,422	13.2
2010 Census	3,574	4.9	14,445	3.7	308,746	9.7
2020 Census	3,606	0.9	15,116	4.6	331,449	7.4
2015	3,611	(0.1)	14,879	0.4	322,371	0.8
2016	3,608	(0.1)	14,937	0.4	324,860	0.8
2017	3,608	0.0	15,002	0.4	327,076	0.7
2018	3,610	0.1	15,057	0.4	328,978	0.6
2019	3,607	(0.1)	15,095	0.3	330,661	0.5
2020	3,585	(0.6)	15,073	(0.1)	331,855	0.4
2021	3,604	0.5	15,106	0.2	332,579	0.2
2022	3,610	0.2	15,126	0.1	334,599	0.6
2023	3,619	0.3	15,168	0.3	337,492	0.9
2024	3,635	0.4	15,242	0.5	340,634	0.9

NOTE: 1940-2020, April 1 Census. Figures are for census comparison purposes.
2015-2024 Mid-year estimates. Estimates for New England include the sum of six states – Connecticut, Massachusetts, New Hampshire, Rhode Island, Maine and Vermont.

SOURCE: United States Census Bureau

The State is highly urbanized with a 2024 population density of 751 persons per square mile, as compared with 96 for the United States as a whole. Of the eight counties in the State, according to the U.S. Bureau of Census for the 2020 Census count, 75.1% of the population resides within Fairfield (26.2%), Hartford (24.9%), and New Haven (24.0%) counties.

Education. In 2023 Connecticut ranked 6th in the nation with 42.9% of the State population over the age of 25 holding a bachelor's degree or higher.

Connecticut is home to over 45 colleges and universities, including, among others: Yale University, Wesleyan University, Trinity College, Connecticut College, University of Connecticut, Southern Connecticut State University, Central Connecticut State University, Eastern Connecticut State University, Western Connecticut State University, Fairfield University, Quinnipiac University, Hartford Seminary, Coast Guard Academy, University of New Haven, University of Hartford, and Sacred Heart University.

Industry Landscape. Connecticut is home to some of the country's leading companies, including, but not limited to the following 15 members of the 2024 Fortune 500: Cigna, Charter Communications, Philip Morris International, Hartford Financial Services, Synchrony Financial, XPO Logistics, Booking Holdings, Stanley Black & Decker, Amphenol, EMCOR Group, United Rentals, Otis Worldwide Corporation, GXO Logistics, W.R. Berkley, and Interactive Brokers Group. The historical presence of the insurance industry in the State, and especially in its capital city of Hartford, has caused it to be referred to as the "insurance capital of the world".

Transportation. Connecticut has an extensive network of expressways and major arterial highways which provide easy access to local and regional markets. Connecticut is home to Bradley International Airport ("Bradley") in Windsor Locks, which is accessible from all areas of the State and western Massachusetts via the highway network and public transportation system. In 2024, Bradley handled approximately 160 commercial flights every day to 45 non-stop destinations and was served by virtually all major passenger and cargo air carriers. Bradley served over 6.6 million passengers in 2024, which represented a 6.5% increase over 2023 passenger levels.

The Connecticut Department of Transportation funds and oversees the operation of rail, bus, paratransit and ferry services throughout the State. The New Haven Line (including the Waterbury, Danbury and New Canaan branch lines), Shore Line East, and Hartford Line serves approximately 29.6 million passengers each year and statewide bus and paratransit services carry approximately 35.1 million passengers each year. The overall bus transit program includes State-funded CT*transit* bus services in 8 urbanized areas and CT*fastrak* bus rapid transit services in the greater Hartford area, as well as urban and rural transit and paratransit services provided by 12 independent, locally-governed and operated transit districts. The State also operates two historic passenger and vehicular ferries, linking communities on the Connecticut River.

Railroad freight service is provided to most major towns and cities in the State, and connections are provided with major eastern railroads, as well as direct access to Canadian markets. Positioned between the ports of New York and Boston, with access to European and South American markets, the State's deep draft harbors at Bridgeport, New Haven, and New London offer similar direct access to international markets and U.S. ports.

Utility Services. The power grid that supplies electricity to the entire State is owned and operated by both private and municipal electric companies. Transmission lines connect Connecticut with New York, Massachusetts and Rhode Island. These interconnections allow the companies serving Connecticut to meet large or unexpected electric load requirements from resources located outside of Connecticut's boundaries. All electric utilities in the State are members of the New England Power Pool and operate as part of the regional bulk power system, run by the independent system operator and regional transmission organization, ISO New England, Inc..

Investor-owned electric distribution companies in Connecticut (Eversource Energy and The United Illuminating Company) deliver electricity to consumers through the infrastructure they own and operate and are regulated by the Public Utilities Regulatory Authority ("PURA"). Consumers of these companies can choose an independent electric supplier as their provider of electricity. Consumers that do not choose an independent electric supplier will automatically be placed on the distribution company's standard service for their electricity supply. Electric suppliers are not subject to rate regulation by PURA, but must receive a license issued by PURA before commencing service to consumers. In general, Connecticut consumers located in a municipally owned electric service territory can continue to purchase and receive their electrical needs from the municipal electric company.

Legislation enacted in 2011 merged PURA under a new Department of Energy and Environmental Protection ("DEEP") structure, where it continues its mandates to ensure safe, reliable, and affordable service. Additionally, under DEEP, PURA also supports policy goals articulated in DEEP's Integrated Resource Plan and Comprehensive Energy Strategy. These include a focus on clean energy, creating jobs and building a state energy economy. PURA is the successor to the former Department of Public Utility Control.

The electric distribution companies work with PURA and the Office of Consumer Counsel staff to procure electric generation services and related wholesale electricity market products on behalf of retail customers. This offering is known as standard service, or last resort service in the case of large commercial and industrial customers. The statutory principles guiding these procurements are to reduce the average cost of standard service while maintaining cost volatility within reasonable levels that do not deviate overtly from the wholesale market.

Lastly, the legislation created a quasi-public authority, the Connecticut Green Bank to administer the Clean Energy Fund which is partially funded by a charge on consumer's electric bills and an Environmental Infrastructure Fund. Subsequently, Green Bank's scope was expanded to include financing of more types of clean energy sources and environmental infrastructure projects.

Natural gas is delivered to Connecticut through pipelines that traverse the State. Natural gas pipeline supplies are generally shipped to Connecticut from Pennsylvania, Canada and the Gulf of Mexico area. Connecticut also receives natural gas through the interstate pipelines from a terminal located in Boston, Massachusetts which is supplied by tanker ships. Natural gas service is provided to parts of the State through one municipal and three private gas distribution companies, including Eversource Energy, Connecticut Natural Gas Company, and Southern Connecticut Gas Company. UIL Holdings Corp., an Orange, Connecticut-based utility hoolding company, acquired both Connecticut Natural Gas and Southern Connecticut Gas and is the parent company of The United Illuminating Company.

Since 1996, PURA has allowed some competitive market forces to enter the natural gas industry in Connecticut. Commercial and industrial gas consumers can choose non-regulated suppliers for their natural gas requirements. The gas is delivered to the consumer using the local distribution company's mains and pipelines. This competitive market is not currently available to the residential consumer.

In addition to the electricity supply market and supply of natural gas, telecommunications services are also largely competitive in Connecticut. Local exchange telephone service is provided in the State by incumbent local exchange carriers (ILECs) and competitive local exchange carriers (CLECs). Two ILECs currently offer local telephone services in Connecticut. They are Frontier Corporation and Verizon New York, Inc. Connecticut also has 108 CLECs certified to provide local exchange services including Comcast Phone of Connecticut, Inc., Cox Connecticut Telecommunication, LLC and Connecticut Telephone and Communications Systems, Inc.

Connecticut is dependent upon oil, including imported oil, for a portion of its energy requirements. This dependence is greatest in the transportation sector. Connecticut also relies on heating oils in both the residential and commercial sectors and is reliant on residual oils and diesel fuels for the production of electricity, particularly during particularly cold periods. This petroleum dependence can make Connecticut particularly affected by developments in the oil commodity markets. Events that affect the international or domestic production of oil, the domestic and international refining capabilities, or the transportation of petroleum products within the United States or into the New England region can affect Connecticut's local oil markets.

The State's water is an essential natural resource that must be carefully maintained and distributed in order to ensure long-term, safe, available, and affordable water service. Within the State boundaries are over 6,000 miles of rivers and streams, at least 2,000 lakes and reservoirs, and groundwater resources that supply Connecticut residents with water. These public water systems and resources are jointly regulated by PURA, DEEP, and the Department of Public Health ("DPH"). DEEP is responsible for administering the Aquifer Protection Area Program, establishing land use regulations and standards, and monitoring, assessing, and reporting water quality. DPH oversees the safe and adequate supply of drinking water for the State's population by regulating the purity of all public water systems, while PURA regulates the costs, rates, infrastructure, conservation mechanisms and business operations of Connecticut's investor-owned water utilities.

Although Connecticut is heavily dependent upon petroleum, the State is ranked one of the most efficient states for energy consumption. According to the most recent available data from the Energy Information Administration, an independent agency within the U.S. Department of Energy that collects and analyzes energy data, Connecticut consumed 2.56 thousand British Thermal Units (BTU) per 2017 chained dollar of Gross State Product in 2022, the latest available data, ranking it the 6th most efficient state among the 50 states plus the District of Columbia and 41.0% less than the national average of 4.34 thousand BTUs. When compared to the national per person average, Connecticut residents use a moderate amount of energy. Connecticut consumed 196.1 million BTU's of energy per person in 2022, ranking it 43rd among the 50 states plus the District of Columbia and 31.0% less than the national average of 284.4 million BTU per capita.

Economic Performance

Personal Income. Connecticut has a high level of personal income. Historically, the State's average per capita income has been among the highest in the nation. The high per capita income is due to the State's concentration of relatively high paying manufacturing jobs along with a higher portion of residents working in the non-manufacturing sector in such areas as finance, insurance, and real estate, as well as educational services. A concentration of major corporate headquarters located within the State also contributes to the high level of income. In calendar year 2023, per capita personal income in Connecticut equaled $89,899, the 2nd highest of any state in the nation behind Massachusetts at $90,536. This high level of personal income is not concentrated in a single county, but is widely distributed throughout the State. County-level data from the United States Department of Commerce, Bureau of Economic Analysis for calendar year 2023 indicates that if they were states, four of the State's eight counties would each rank within the top ten of all states in the nation for state per capita personal income. The following table shows total and per capita personal income for Connecticut residents during the period from 2014 to 2023 and compares Connecticut per capita personal income as a percentage of both New England and the United States.

TABLE B-2

Connecticut Personal Income by Place of Residence

Calendar Year	Connecticut Total (Millions of Dollars)	Connecticut Per Capita (Dollars)	Connecticut Per Capita as Percent of New England	Connecticut Per Capita as Percent of United States
2014	233,084	64,498	114.6	139.5
2015	239,185	66,233	112.7	138.0
2016	243,699	67,546	112.1	138.1
2017	249,451	69,134	110.8	135.7
2018	260,582	72,179	110.7	135.5
2019	267,564	74,179	109.1	133.6
2020	274,862	76,666	106.4	129.7
2021	294,632	81,756	105.3	126.9
2022	306,718	84,966	106.2	128.7
2023	325,346	89,899	106.6	129.6

SOURCE: United States Department of Commerce, Bureau of Economic Analysis

The following table indicates the annual growth rate of personal income, on a current and constant dollar basis, for Connecticut, New England and the United States.

TABLE B-3

Annual Growth Rates in Personal Income By Place of Residence

Calendar Year	Connecticut (Current)	New England (Current)	U.S. (Current)	Connecticut (Constant)	New England (Constant)	U.S. (Constant)
2014	4.1	4.2	5.1	3.4	3.0	3.6
2015	2.6	4.8	4.7	1.9	3.7	4.5
2016	1.9	3.0	2.7	1.0	0.4	1.6
2017	2.4	4.0	4.9	0.9	2.5	3.1
2018	4.5	4.8	5.2	5.4	3.7	3.1
2019	2.7	4.6	4.8	1.4	3.4	3.3
2020	2.7	5.9	6.8	0.4	3.1	5.7
2021	7.2	8.0	9.2	5.3	5.8	4.9
2022	4.1	3.2	3.1	(5.6)	(6.0)	(3.3)
2023	6.1	5.6	5.9	1.5	1.2	2.1

Note — Real dollars are adjusted for inflation using the national personal consumption expenditures price index and regional price parities.

SOURCE: United States Department of Commerce, Bureau of Economic Analysis

The following table indicates the sources of personal income by place of residence for Connecticut and the United States in 2023.

TABLE B-4

Sources of Personal Income By Place of Residence
Calendar Year 2023
(In Billions)

	Connecticut	Percent of Total	U.S	Percent of Total
Wages in Non-manufacturing	149.2	45.9	10,641.2	45.5
Property Income (Div., Rents & Int.)	70.9	21.8	4,812.0	20.6
Wages in Manufacturing	17.6	5.4	1,084.0	4.6
Transfer Payments less Social Insurance Paid	22.7	7.0	2,451.4	10.5
Other Labor Income	33.3	10.2	2,464.9	10.5
Proprietor's Income	31.6	9.7	1,949.0	8.3
Personal Income — Total	325.3	100.0	23,402.5	100.0

Note—Columns may not add due to rounding.

SOURCE: United States Department of Commerce, Bureau of Economic Analysis

Gross State Product. The State's and the region's economic vitality are evidenced in the rate of growth of their respective Gross State Products. The State's Gross State Product is the current market value of all final goods and services produced by labor and property located within the State.

In 2023, the State produced $345.9 billion worth of goods and services and $286.6 billion worth of goods and services in 2017 chained dollars.

The following table shows the Gross State Product in current dollars for Connecticut, New England, and the United States.

TABLE B-5

Gross State Product
(In Millions)

	Connecticut		New England[(a)]		United States[(b)]	
Calendar Year	$	Percent Growth	$	Percent Growth	$	Percent Growth
2014	247,114.7	2.7	931,904.0	3.4	17,608,138.3	4.3
2015	260,648.6	5.5	982,313.5	5.4	18,295,019.0	3.9
2016	264,760.4	1.6	1,009,275.1	2.7	18,804,913.3	2.8
2017	273,875.1	3.4	1,039,545.6	3.0	19,612,102.5	4.3
2018	280,535.4	2.4	1,083,763.3	4.3	20,656,515.5	5.3
2019	286,451.9	2.1	1,129,673.3	4.2	21,539,981.5	4.3
2020	278,029.4	(2.9)	1,127,827.0	(0.2)	21,354,104.8	(0.9)
2021	296,801.4	6.8	1,229,266.3	9.0	23,681,170.8	10.9
2022	321,686.4	8.4	1,324,160.7	7.7	26,006,892.5	9.8
2023	345,911.9	7.5	1,410,686.8	6.5	27,720,709.5	6.6

(a) Sum of the New England States' Gross State Products.
(b) Denotes the Gross Domestic Product, which is the total market value of all final goods and services produced in the U.S.

SOURCE: United States Department of Commerce, Bureau of Economic Analysis

The following table shows the Gross State Product in 2017 chained dollars.

TABLE B-6

Gross State Product
(In Millions of 2017 Chained Dollars*)

Calendar Year	Connecticut $	Connecticut Percent Growth	New England $	New England Percent Growth	United States $	United States Percent Growth
2014	260,605.8	0.7	982,725.6	1.4	18,261,714.3	2.5
2015	268,869.8	3.2	1,013,576.4	3.1	18,799,622.0	2.9
2016	268,196.2	(0.3)	1,023,573.5	1.0	19,141,672.3	1.8
2017	273,875.1	2.1	1,039,545.4	1.6	19,612,102.5	2.5
2018	274,582.8	0.3	1,062,486.4	2.2	20,193,895.3	3.0
2019	275,225.4	0.2	1,086,241.8	2.2	20,715,671.5	2.6
2020	260,765.2	(5.3)	1,061,563.0	(2.3)	20,267,584.8	(2.2)
2021	269,838.7	3.5	1,121,312.4	5.6	21,494,798.3	6.1
2022	278,975.9	3.4	1,148,379.2	2.4	22,034,828.8	2.5
2023	286,628.5	2.7	1,169,155.4	1.8	22,671,096.5	2.9

* 2017 chained dollar series are calculated as the product of the chain-type quantity index and the 2017 current-dollar value of the corresponding series, divided by 100. Figures for the United States represent Gross Domestic Product.

SOURCE: United States Department of Commerce, Bureau of Economic Analysis

The table below shows the contribution to Connecticut's Gross State Product of the manufacturing and non-manufacturing sectors in the State's economy. The table shows that in 2023 Connecticut's production was concentrated in four areas: finance, insurance and real estate (FIRE), services, manufacturing and government. Production in these four industries accounted for 76.3% of total production in Connecticut in 2023 compared to 70.3% for the nation in 2023.

The output contribution of manufacturing, however, has remained relatively flat as the contributions of services has been increasing. The share of production from the manufacturing sector was 10.2% in 2016 compared to 11.7% in 2023. Historically, the share of production from the manufacturing sector was declining, however, that trend ended as defense-related production has been stable to increasing. The broadly defined services in the private sector, which excludes industries in agriculture and construction, wholesale and retail trades, but includes industries in information, professional and technical services, health care and education, FIRE, and other services, have decreased slightly to 61.1% of the total GSP in 2023 from 61.6% in 2016. A stable service sector may help smooth the business cycle, reducing the span and depth of recessions and prolonging the length of expansions. Normally, activities in service sectors relative to manufacturing are less susceptible to pent-up demand, less subject to inventory-induced swings, less intensive in capital requirements, and somewhat less vulnerable to foreign competition. Therefore, this shift to the service sectors may serve to smooth output fluctuations.

TABLE B-7

Gross State Product by Industry in Connecticut
(In Millions)

Calendar Year	2016	2017	2018	2019	2020	2021	2022	2023
Sector								
Manufacturing	27,095	28,374	31,694	33,958	31,121	33,733	36,574	40,426
Construction[a]	7,714	7,705	7,873	8,244	7,623	8,341	9,175	9,944
Agriculture[b]	373	397	363	353	311	382	511	442
Utilities[c]	9,923	9,921	10,122	10,261	10,591	11,619	12,763	13,616
Wholesale Trade	15,107	14,667	14,715	14,873	14,906	16,016	18,398	19,094
Retail Trade	14,346	14,634	15,233	15,510	15,622	17,934	18,629	20,203
Information	14,251	14,114	14,661	16,301	15,671	16,780	17,659	18,777
Finance[d]	75,782	81,940	81,390	79,661	80,307	80,815	86,625	93,808
Services[e]	73,116	74,528	76,854	79,916	74,238	82,938	91,868	98,756
Government	27,053	27,594	27,629	27,375	27,641	28,243	29,485	30,845
Total GSP	264,760	273,875	280,535	286,452	278,029	296,801	321,686	345,912

Note—Columns may not add due to rounding.
(a) Includes mining.
(b) Includes forestry and fisheries.
(c) Includes transportation, communications, electric, gas, and sanitary services.
(d) Includes finance, insurance and real estate.
(e) Covers a variety of activities, including professional, business, education, health care and personal services.

SOURCE: United States Department of Commerce, Bureau of Economic Analysis

Employment

Non-agricultural employment includes all persons employed except federal military personnel, the self-employed, proprietors, unpaid workers, and farm and household domestic workers. The following table compares non-agricultural establishment employment for Connecticut, New England, and the United States between 2014 and 2023. Connecticut's nonagricultural employment reached a high in March 2008 of 1,720,900 persons employed, but began declining with the onset of the 2008 recession falling to 1,601,800 jobs by February 2010. After the 2008 recession, employment reached a peak of 1,698,600 jobs in February 2020 before the onset of the COVID-19 pandemic-related recession. Employment then fell 291,100 jobs to 1,407,500 jobs in April 2020. In June 2023, the State had regained all of the jobs that were lost as a result of the pandemic, reaching a new employment level high since February 2020. As of December 2024, the State stands at 1,715,900 jobs, approximately 17,300 jobs above the February 2020 levels.

TABLE B-8

Non-agricultural Employment[a]
(In Thousands)

Calendar Year	Connecticut Employment	Connecticut Percent Growth	New England[a] Employment	New England[a] Percent Growth	United States[b] Employment	United States[b] Percent Growth
2014	1,672.9	0.7	7,146.0	1.4	138,919.5	1.9
2015	1,686.8	0.8	7,252.9	1.5	141,801.3	2.1
2016	1,692.5	0.3	7,351.1	1.4	144,332.4	1.8
2017	1,696.2	0.2	7,420.9	0.9	146,610.8	1.6
2018	1,699.1	0.2	7,479.6	0.8	148,896.6	1.6
2019	1,696.0	(0.2)	7,547.8	0.9	150,906.0	1.3
2020	1,570.4	(7.4)	6,956.9	(7.8)	142,164.5	(5.8)
2021	1,616.6	2.9	7,208.3	3.6	146,275.9	2.9
2022	1,668.5	3.2	7,466.3	3.6	152,531.3	4.3
2023	1,694.8	1.6	7,571.3	1.4	156,065.5	2.3

(a) Non-agricultural employment excludes agricultural workers, proprietors, self-employed individuals, domestic workers, family workers and members of the armed forces.

SOURCE: United States Department of Labor, Bureau of Labor Statistics

In an effort to provide a broader employment picture, the following table, based on residential employment, was developed. Total residential employment is estimated based on household surveys which include individuals excluded from establishment employment figures such as self-employed and workers in the agricultural sector. By this measure, residential employment in 2023 decreased by approximately 10,900 jobs. The level of establishment employment based on the survey response increased by approximately 26,300 jobs in 2023. Both measurements were significantly impacted by COVID.

TABLE B-8a

Connecticut Survey Employment Comparisons
(In Thousands)

Calendar Year	Establishment Employment	Percent Growth	Residential Employment	Percent Growth
2014	1,672.9	0.7	1,773.7	2.7
2015	1,686.8	0.8	1,798.0	1.4
2016	1,692.5	0.3	1,815.7	1.0
2017	1,696.2	0.2	1,838.4	1.2
2018	1,699.1	0.2	1,848.9	0.6
2019	1,696.0	(0.2)	1,862.7	0.7
2020	1,570.4	(7.4)	1,724.3	(7.4)
2021	1,616.6	2.9	1,724.8	0.0
2022	1,668.5	3.2	1,833.8	6.3
2023	1,694.8	1.6	1,822.9	(0.6)

SOURCE: United States Department of Labor, Bureau of Labor Statistics

Composition of Employment. The following table shows the distribution of non-agricultural employment in Connecticut and the United States in 2023. The table shows that Connecticut has a larger share of employment in services, manufacturing, and finance than the nation as a whole.

TABLE B-9
Connecticut Non-agricultural Employment, Calendar Year 2023
(In Thousands)

	Connecticut		United States	
	Total	Percent	Total	Percent
Services[(a)]	793.5	46.8	71,253.2	45.7
Trade[(b)]	299.0	17.6	28,849.9	18.5
Manufacturing	158.4	9.3	12,941.8	8.3
Government	232.4	13.7	22,779.5	14.6
Finance[(c)]	118.3	7.0	9,196.8	5.9
Information[(d)]	31.0	1.8	3,027.4	1.9
Construction[(e)]	62.3	3.7	8,017.0	5.1
Total[(f)]	1,694.8	100.0	156,065.5	100.0

(a) Covers a considerable variety of activities, including professional, business, education, health care and personal services.
(b) Includes wholesale and retail trade, transportation, and utilities.
(c) Includes finance, insurance, and real estate.
(d) Includes publishing, broadcasting, telecommunications, internet providers, and data processing.
(e) Includes natural resources and mining.
(f) Totals may not equal sum of individual categories due to rounding and seasonal statistical data adjustments.

SOURCE: United States Department of Labor, Bureau of Labor Statistics

Recent trends in the State's non-agricultural employment are reflected in the following table. Throughout the last five decades, while manufacturing employment in Connecticut has been steadily declining, employment in the services industries has surged. In calendar year 2023, approximately 90.7% of the State's workforce was employed in non-manufacturing jobs, up from roughly 50% in the early 1950s.

TABLE B-10

Connecticut Non-agricultural Employment
(Annual Averages In Thousands)

Calendar Year	Manufacturing	Trade[(a)]	Services[(b)]	Government	Finance[(c)]	Information[(d)]	Construction[(e)]	Total Non-agricultural Employment[(f)]
2014	157.2	294.9	759.7	244.7	128.8	32.1	55.5	1,672.9
2015	156.9	296.4	769.2	243.7	130.1	32.5	57.9	1,686.8
2016	156.5	297.3	776.7	241.0	129.5	32.4	59.1	1,692.5
2017	158.7	296.9	784.4	238.5	127.8	31.6	58.3	1,696.2
2018	160.7	296.4	789.7	236.4	125.4	31.7	58.8	1,699.1
2019	161.9	292.5	790.5	236.1	123.7	31.6	59.7	1,696.0
2020	153.9	277.5	708.2	224.5	120.1	29.4	56.9	1,570.4
2021	153.0	290.5	741.5	224.1	118.1	30.1	59.4	1,616.6
2022	157.1	298.2	774.8	227.4	118.6	31.3	61.1	1,668.5
2023	158.4	299.0	793.5	232.4	118.3	31.0	62.3	1,694.8

(a) Includes wholesale and retail trade, transportation, and utilities.
(b) Covers a considerable variety of activities, including professional, business, education, health care and personal services.
(c) Includes finance, insurance, and real estate.
(d) Includes publishing, broadcasting, telecommunications, internet providers, and data processing.
(e) Includes natural resources and mining.
(f) Totals may not equal sum of individual categories due to rounding and seasonal statistical adjustments.

SOURCE: United States Department of Labor, Bureau of Labor Statistics, Connecticut Labor Department

Manufacturing

The manufacturing industry, despite its continuing downward employment trend over the past five decades, has traditionally served as an economic base industry and has been of prime economic importance to Connecticut. Based on the number of jobs derived from this sector, Connecticut ranked 21st in the nation for manufacturing employment as a percentage of total employment in calendar year 2023. The following table provides a ten-year historical picture of manufacturing employment in Connecticut, the New England region, and the United States. This downward movement in manufacturing employment levels is also reflected in the New England region and the nation. The transformation in the State's manufacturing base confirms that the State's employment share in the manufacturing sector is converging to the national average. In calendar year 2023 approximately 9.3% of the State's workforce, versus 8.3% for the nation, was employed in the manufacturing sector.

TABLE B-11

Manufacturing Employment
(In Thousands)

	Connecticut		New England[a]		United States[b]	
Calendar Year	Number	Percent Growth	Number	Percent Growth	Number	Percent Growth
2014	157.2	(1.9)	592.2	(0.6)	12,184.6	1.4
2015	156.9	(0.2)	592.9	0.1	12,334.9	1.2
2016	156.5	(0.3)	588.8	(0.7)	12,352.8	0.1
2017	158.7	1.4	590.9	0.4	12,438.8	0.7
2018	160.7	1.2	596.0	0.9	12,687.8	2.0
2019	161.9	0.7	600.9	0.8	12,816.5	1.0
2020	153.9	(5.0)	567.3	(5.6)	12,164.9	(5.1)
2021	153.0	(0.6)	575.8	1.5	12,354.8	1.6
2022	157.1	2.7	590.1	2.5	12,814.3	3.7
2023	158.4	0.8	589.3	(0.1)	12,941.8	1.0

SOURCE: United States Department of Labor, Bureau of Labor Statistics, Connecticut State Labor Department

Connecticut has a diverse manufacturing sector, with the construction of transportation equipment (primarily aircraft engines and submarines) being the dominant industry. The State is also a leading producer of military and civilian helicopters. Employment in the transportation equipment sector is followed by fabricated metals, machinery, and computer and electronics for the total number employed in 2023.

TABLE B-12

Manufacturing Employment
By Industry
(In Thousands)

Calendar Year	Transportation Equipment	Fabricated Metals	Computer & Electronics	Machinery	Other[a]	Total Manufacturing Employment[b]
2014	40.1	29.7	12.6	14.0	60.8	157.2
2015	40.7	29.2	12.3	14.1	60.6	156.9
2016	41.7	29.2	11.6	13.6	60.4	156.5
2017	44.0	29.4	11.2	13.3	60.7	158.7
2018	45.6	29.8	10.9	13.1	61.3	160.7
2019	47.0	29.8	10.9	13.2	61.0	161.9
2020	45.9	27.8	10.3	12.9	57.0	153.9
2021	44.7	27.6	10.1	12.9	57.7	153.0
2022	45.3	28.0	10.4	13.5	59.9	157.1
2023	46.6	27.5	10.5	13.8	60.0	158.4

(a) Includes other industries such as wood products, furniture, glass/stone, primary metals, and instruments in the durable sector, as well as all industries such as chemicals, paper, and plastics in the nondurable sector.
(b) Totals may not equal sum of individual categories due to rounding and seasonal statistical adjustments.

SOURCE: United States Department of Labor, Bureau of Labor Statistics

During the past ten years, Connecticut's manufacturing employment was at its highest in 2019 at just under 162,000 workers. Over the last ten years, employment in manufacturing has remained relatively stable with the exception of 2020 and 2021 levels which were influenced by the pandemic induced recession. Total manufacturing jobs in Connecticut in 2023 increased by approximately 1,300 jobs or 0.8% over 2022 levels to 158,400 jobs. Connecticut experienced the largest increase in manufacturing jobs in the State since before 2000 in 2022, registering growth of 2.7% or an additional 4,100 jobs over 2021 levels. However, manufacturing jobs in the State remain approximately 2.2% below levels attained before the pandemic in 2019.

Exports. In Connecticut, the export sector of manufacturing is an important component of the overall economy. According to figures published by the United States Census Bureau Foreign Trade Division, compiled by the World Institute for Strategic Economic Research, exports of manufacturing products registered at $15.8 billion in 2023, accounting for 4.7% of Gross State Product. From 2019 to 2023, the State's export of goods declined at a compound annual rate of (0.6)% versus 4.5% growth for the Gross State Product and both indicators were significantly impacted by the COVID-19 pandemic. The following table shows the growth in exports of manufacturing products.

TABLE B-13

Exports Originating in Connecticut
(In Millions)

	Calendar Year					Percent of 2023 Total	Compound Annual Growth Rate 2019-2023
	2019	**2020**	**2021**	**2022**	**2023**		
A. Manufacturing Products							
Paper	145.1	124.9	161.0	196.8	171.9	1.1%	4.3%
Chemicals	1,054.4	1,303.3	1,350.7	1,268.9	986.5	6.2%	-1.7%
Plastics and Rubber	295.1	211.7	318.4	287.0	302.5	1.9%	0.6%
Primary Metal	346.4	256.8	290.8	343.6	334.0	2.1%	-0.9%
Fabricated Metal	938.5	888.5	870.1	942.2	1,025.6	6.5%	2.2%
Machinery, exc. Elec.	2,180.8	2,134.6	2,221.2	2,696.5	3,156.1	19.9%	9.7%
Comp. & Electronic	1,176.9	1,032.5	1,128.6	1,158.3	1,201.8	7.6%	0.5%
Electrical Equipment	895.6	946.5	979.1	914.3	1,044.4	6.6%	3.9%
Transportation Equip.	6,951.0	4,883.3	5,130.0	5,237.0	5,390.0	34.0%	-6.2%
Misc. MFG	382.5	426.9	504.1	483.8	477.8	3.0%	5.7%
Other	1,864.3	1,618.1	1,594.4	1,823.5	1,755.7	11.1%	-1.5%
Total	16,230.6	13,827.2	14,548.4	15,352.0	15,846.2	100.0%	-0.6%
Percent Growth	-6.7%	-14.8%	5.2%	5.5%	3.2%		
B. Gross State Product[(a)]	285,466.4	275,801.9	295,907.5	319,344.8	340,181.3		4.5%
Mfg Exports as a % of GSP	5.7%	5.0%	4.9%	4.8%	4.7%		5.0%

(a) In millions of dollars.

SOURCE: United States Census Bureau Foreign Trade Division
World Institute for Strategic Economic Research

Defense Industry. One important component of the manufacturing sector in Connecticut is the defense industry. Approximately one quarter of the State's manufacturing employees are employed in defense related business. Nonetheless, this sector's significance in the State's economy has declined considerably since the early 1980s. Connecticut had witnessed a marked reduction in the amount of federal spending earmarked for defense related industries in the State; however, these amounts have been climbing most years since Federal Fiscal Year 2002. In Federal Fiscal Year 2023 Connecticut received $18.2 billion of prime contract awards. These total awards accounted for 6.5% of national total awards and ranked 4th in total defense dollars awarded and 1st in per capita dollars awarded among the 50 states. In Federal Fiscal Year 2023, Connecticut had $5,031 in per capita defense awards, compared to the national average of $824. As measured by a three-year moving average of defense contract awards as a percent of Gross State Product, awards to Connecticut-based firms were 5.4% of Gross State Product in Fiscal Year 2023.

Connecticut is a leading producer of aircraft engines and parts, submarines, and helicopters. The largest employers in these industries are Raytheon Technologies Corporation, including its Pratt and Whitney Aircraft Division with headquarters in East Hartford, Lockheed Martin with its Sikorsky Division in Stratford, and General Dynamics Corporation's Electric Boat Division in Groton.

The following table provides a historical perspective of defense contract awards for the past ten fiscal years. Defense contracts are awarded in their entirety and multi-year awards are credited in the year they are awarded, thus giving rise to some of the fluctuation.

TABLE B-14

Defense Contract Awards

Federal Fiscal Year	Connecticut Total Contract Award (Millions)	Connecticut Rank Among States Total Awards	Percent Change from Prior Year	
			Connecticut	U.S.
2014	$ 13,207	4th	31.7%	5.3%
2015	12,147	5th	(8.0)	(1.7)
2016	14,132	4th	16.3	11.6
2017	11,647	7th	(17.6)	(4.0)
2018	14,696	6th	26.2	6.7
2019	18,358	5th	24.9	10.4
2020	22,356	4th	21.8	24.0
2021	16,966	4th	(24.1)	(30.1)
2022	17,262	5th	1.7	12.5
2023	18,190	4th	5.4	(11.7)

SOURCE: United States Department of Defense

Non-manufacturing. The non-manufacturing sector is comprised of industries that primarily provide services. Services differ significantly from manufactured goods in that the output is generally intangible, it is produced and consumed concurrently, and it cannot be inventoried. Consumer demand for services is not as postponable as the purchase of goods, making the flow of demand for services more stable. An economy will therefore generally become more stable as it becomes more service oriented. Over the past several decades the non-manufacturing sector of the State's economy has risen in economic importance, from just over 50% of total State employment in 1950 to approximately 90.7% by 2023. This trend has diluted the State's dependence on manufacturing. From 2014 to 2023, Connecticut gained 21,900 jobs in non-agricultural employment. During this period total non-manufacturing jobs increased by 20,700, while manufacturing jobs increased by only 1,200 jobs.

The table below provides a ten year profile of non-manufacturing employment in Connecticut, New England and the United States.

TABLE B-15

Non-manufacturing Employment
(In Thousands)

	Connecticut		New England		United States	
Calendar Year	Number	Percent Growth	Number	Percent Growth	Number	Percent Growth
2014	1,515.7	1.0	6,553.7	1.6	126,734.9	1.9
2015	1,529.9	0.9	6,660.1	1.6	129,466.3	2.2
2016	1,536.0	0.4	6,762.3	1.5	131,979.6	1.9
2017	1,537.5	0.1	6,830.0	1.0	134,172.1	1.7
2018	1,538.4	0.1	6,883.5	0.8	136,208.8	1.5
2019	1,534.1	(0.3)	6,946.9	0.9	138,089.5	1.4
2020	1,416.5	(7.7)	6,389.7	(8.0)	129,999.6	(5.9)
2021	1,463.6	3.3	6,632.5	3.8	133,921.2	3.0
2022	1,511.4	3.3	6,876.2	3.7	139,717.0	4.3
2023	1,536.4	1.7	6,982.1	1.5	143,123.8	2.4

SOURCE: United States Department of Labor, Bureau of Labor Statistics Connecticut State Labor Department

Services as well as finance, insurance, and real estate (FIRE), collectively comprise approximately 59.3% of the State's employment in the non-manufacturing sector. Connecticut non-manufacturing employment for 2014, 2022 and 2023 is shown in the table below. Total non-manufacturing employment has been broken down by industry. Percent changes over the year and over the decade are also provided. Between 2014 and 2023, employment in the non-manufacturing sector grew by 20,700 workers driven primarily by the growth in services offset somewhat by a decline in FIRE, State and Local Government, and Information-related employment.

TABLE B-16

Connecticut Non-manufacturing Employment By Industry
(In Thousands)

Industry	Calendar Year 2014	Calendar Year 2022	Calendar Year 2023	Percent Change 2022-2023	Percent Change 2014-2023
Construction[a]	56.1	61.6	62.8	2.1	12.1
Information	32.1	31.3	31.0	(0.9)	(3.4)
Trade[b]	294.9	298.2	299.0	0.2	1.4
Finance, Insurance & Real Estate	128.8	118.6	118.3	(0.2)	(8.1)
Services[c]	759.2	774.3	792.9	2.4	4.4
Federal Government	17.4	18.3	18.7	2.2	7.1
State and Local Government	227.3	209.2	213.7	2.2	(6.0)
Total Non-manufacturing Employment[d]	1,515.7	1,511.4	1,536.4	1.7	1.4

(a) Includes natural resources and mining.
(b) Includes wholesale & retail trade, transportation, and utilities.
(c) Covers a considerable variety of activities, including professional, business, education, health care and personal services.
(d) Totals may not agree with detail due to rounding and seasonal statistical data adjustments.

SOURCE: Connecticut State Labor Department

Retail Trade. Personal spending on goods and services generally accounts for over two-thirds of the Gross Domestic Product. Approximately half of personal spending is generally done through retail stores. At the State level, retail trade therefore constitutes approximately one third of the State's economic activity, measured by Gross State Product. During the last decade, variations in retail trade closely matched variations in Gross State Product growth, making retail trade an important barometer of economic health.

The following table shows the major group in each North American Industry Classification System (NAICS) code as well as the State's retail trade history for Fiscal Years 2019-2023. Connecticut retail trade in Fiscal Year 2023 totaled $81.4 billion, an increase of 4.6% from Fiscal Year 2022. Sales in the durable goods category, which are typically most sensitive to changes in economic conditions, increased slightly in Fiscal Year 2023. Durable goods are mostly big ticket items such as appliances, furnishings, and automobiles.

TABLE B-17

Retail Trade In Connecticut[(a)] (In Millions)

NAICS		Fiscal Year 2019	Percent of Fiscal Year 2019 Total	Fiscal Year 2020	Percent of Fiscal Year 2020 Total	Fiscal Year 2021	Percent of Fiscal Year 2021 Total	Fiscal Year 2022	Percent of Fiscal Year 2022 Total	Fiscal Year 2023	Percent Of Fiscal Year 2023 Total	Compound Annual Growth Rate 2019-2023
441	Motor Vehicle and Parts Dealers	$11,435.0	19.0%	$11,068.4	17.8%	$13,592.5	18.7%	$13,755	17.7%	14,318	17.6	5.1
442	Furniture and Home Furnishings Stores	2,043.0	3.4	1,902.1	3.1	2,390.7	3.3	2,404	3.1	2,337	2.9	0.9
443	Electronics and Appliance Stores	1,630.0	2.7	1,744.0	2.8	1,974.1	2.7	1,688	2.2	1,639	2.0	(0.3)
444	Building Material and Garden Supply Stores	3,331.0	5.5	3,488.3	5.6	4,147.3	5.7	4,520	5.8	4,617	5.7	6.2
445	Food and Beverage Stores[(b)]	10,873.0	18.1	11,663.8	18.7	12,234.1	16.9	12,706	16.3	13,279	16.3	4.9
446	Health and Personal Care Stores	4,124.0	6.9	4,346.7	7.0	4,944.6	6.8	5,462	7.0	6,015	7.4	9.4
447	Gasoline Stations	3,792.0	6.3	3,261.4	5.2	3,305.5	4.6	4,597	5.9	4,749	5.8	4.1
448	Clothing and Clothing Accessories Stores	3,083.0	5.1	2,723.8	4.4	3,210.6	4.4	3,700	4.8	3,819	4.7	4.6
451	Sporting Goods, Hobby, Book and Music Stores	936.0	1.6	856.9	1.4	1,028.0	1.4	1,044	1.3	1,055	1.3	2.0
452	General Merchandise Stores	5,465.0	9.1	5,625.1	9.0	6,132.4	8.5	6,651	8.5	7,126	8.8	6.6
453	Miscellaneous Store Retailers	7,917.0	13.2	8,025.6	12.9	8,967.9	12.4	9,295	11.9	9,382	11.5	3.2
454	Nonstore Retailers	5,451.4	9.1	7,568.9	12.2	10,614.4	14.6	12,027	15.4	13,101	16.1	21.0
	Total[(a)]	$60,080.4	100.0%	$62,274.9	100.0%	$72,542.1	100.0%	$77,848	100.0%	81,436	100.0	6.8
Durables (NAICS 441, 442, 443, 444)		$18,439.0	30.7%	$18,202.8	29.2%	$22,104.6	30.5%	$22,367	28.7%	22,910	28.1	4.4
Non Durables (all other NAICS)		$41,641.4	69.3%	$44,072.1	70.8%	$50,437.5	69.5%	$55,482	71.3%	58,526	71.9	7.8

(a) Totals may not agree with detail due to rounding.

SOURCE: Connecticut Department of Revenue Services

Unemployment Rates.

The unemployment rate is the proportion of persons in the civilian labor force who do not have jobs but are actively looking for work. Unemployment rates tend to be high during economic slowdowns and low when the economy is expanding. The rate is widely utilized as a proxy for consumer confidence. In general, when the unemployment rate is high consumer spending is lower and vice versa.

Just before the COVID-19 pandemic struck the State, Connecticut was experiencing low unemployment rates. In March 2020, Connecticut experienced an unemployment rate of 3.9%. Likewise, both the New England and the Nation were also experiencing low unemployment rates. New England saw a rate of 3.1% in January 2020 and the United States was experiencing a low unemployment rate of 3.5% in January 2020. At the height of unemployment during the pandemic, Connecticut's peak unemployment rate reached 11.7% in May of 2020, New England reached 14.0% in April 2020, and the nation reached 14.7% in April 2020. As of December 2024, Connecticut's unemployment rate was 3.0% whereas it was 3.6% in New England, and 4.1% for the United States.

The following table compares the unemployment rate averages of Connecticut, New England, and the United States for the calendar years 2015 through 2024.

TABLE B-18
Unemployment Rate

Calendar Year	Unemployment Rate		
	Connecticut	New England	United States
2015	5.6	4.9	5.3
2016	4.9	4.1	4.9
2017	4.4	3.8	4.4
2018	3.9	3.5	3.9
2019	3.6	3.1	3.7
2020	8.0	8.3	8.1
2021	6.4	5.3	5.4
2022	4.1	3.5	3.6
2023	3.7	3.2	3.6
2024	3.8	3.4	4.0

SOURCE: Connecticut State Labor Department
Federal Reserve Bank of Boston
United States Department of Labor, Bureau of Labor Statistics

Unemployment Compensation Fund. The State pays unemployment compensation benefits from the State's Unemployment Compensation Fund, which is funded by unemployment compensation taxes collected from employers. To fund possible shortfalls, the Unemployment Compensation Fund may receive advances from the federal government. At the end of August 2020, the Unemployment Compensation Fund began borrowing funds from the United States Department of Labor in order to pay Unemployment Insurance ("UI") benefits to unemployed workers. Generally, federal loans carry interest immediately, but the federal government waived interest on UI trust fund loans until September 6, 2021. After the interest free borrowing expired, the first special assessment payment of $1.085 million was due on September 30, 2021 and was authorized to be paid by the Governor using funds from the Coronavirus Aid, Relief, and Economic Stabilization Act ("CARES Act"). The Governor has authorized $30 million in funds available through the American Rescue Plan Act of 2021 ("ARP Act") to cover interest payments due, beginning August 2022 through end of 2026. Principal payments are made by employers through increased Federal Unemployment Tax Act tax payments and through the Connecticut Department of Labor UI Trust Fund when such fund begin to have a surplus. Currently, the Unemployment Compensation Fund continues to borrow and as of January 31, 2025, the outstanding UI loan balance was $80.2 million.

APPENDIX II-C

The audited GAAP financial statements of the State for the fiscal year ended June 30, 2024 which ordinarily would be included herein as **Appendix II-C**, have not yet been completed and released. The State will refile this Information Statement with **Appendix II-C** when such financial statements are completed and released.

APPENDIX II-D

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SEAN SCANLON
STATE COMPTROLLER

TARA DOWNES
DEPUTY COMPTROLLER

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

February 18, 2025

The Honorable Erick Russell
State Treasurer
165 Capitol Ave
Hartford, CT 06106
Dear Treasurer Russell,

I have reviewed the accompanying balance sheets of the General Fund of the State of Connecticut for the fiscal years ending June 30, 2020 – 2024. This review also covered the accompanying statements of unappropriated surplus, revenues and expenditures for the years ended on those dates. The statements are based on the annual report of the Office of the State Comptroller, which is prepared in compliance with Section 3-115 of the Connecticut General Statutes, and reports of the Auditors of Public Accounts with respect to the balance sheets and related statements for the fiscal years ending June 30, 2020 – 2024.

The statements have been prepared on a statutory basis of accounting for appropriated funds and on a cash basis of accounting for all other funds. These methods of accounting have been applied in accordance with the governing statutory requirements for all periods shown. In fiscal year 2024, statutory provisions provided appropriations of projected expenditure accrual within budgeted funds.

Sincerely,

DocuSigned by:
934C8587B6B543C...

Sean Scanlon
Comptroller

STATE OF CONNECTICUT

AUDITORS OF PUBLIC ACCOUNTS

JOHN C. GERAGOSIAN

STATE CAPITOL
210 CAPITOL AVENUE
HARTFORD, CONNECTICUT 06106-1559

CRAIG A. MINER

INDEPENDENT AUDITORS' REPORT

Governor Ned Lamont
Members of the General Assembly

Adverse and Unmodified Opinions

We have audited the accompanying balance sheet of the General Fund of the State of Connecticut as of June 30, 2020, 2021, 2022, 2023 and 2024, and the related statements of revenues, expenditures, and changes in unappropriated surplus for the years ended on those dates as shown in Appendices II-D-6, II-D-7, II-D-8 and II-D-9.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse and Unmodified Opinions section of our report, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the State of Connecticut, as of June 30, 2020, 2021, 2022, 2023 and 2024.

Unmodified Opinion on Statutory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position – statutory basis of the General Fund of the State of Connecticut as of June 30, 2020, 2021, 2022, 2023 and 2024, and the results of its operations – statutory basis for the years then ended, in accordance with the basis of accounting described in Note (a) to Appendix II-D-6.

Basis for Adverse and Unmodified Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the State of Connecticut and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Matter Giving Rise to the Adverse Opinion on U.S. Generally Accepted Accounting Principles

As discussed in Note (a) to Appendix II-D-6, the State of Connecticut prepared its financial statements for the fiscal years ended June 30, 2020, 2021, 2022, 2023 and 2024, using accounting practices that follow the financial reporting provisions of Sections 3-115, 3-115b and Sections 3-114b through 3-114s of the Connecticut General Statutes, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between this statutory basis of accounting and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Emphasis of Matter

The financial statements in Appendices II-D-6, II-D-7, II-D-8 and II-D-9 present only the General Fund and do not purport to, and do not, present fairly the financial position – statutory basis of the State of Connecticut as of June 30, 2020, 2021, 2022, 2023 and 2024 and the results of its operations – statutory basis for the years then ended, in conformity with the basis of accounting described in Note (a) to Appendix II-D-6. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions of Sections 3-115, 3-115b and Sections 3-114b through 3-114s of the Connecticut General Statutes, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the State of Connecticut's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the State of Connecticut's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the State of Connecticut's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

John C. Geragosian
State Auditor

Craig A. Miner
State Auditor

February 20, 2025
State Capitol
Hartford, Connecticut

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GENERAL FUND[(a)]

Balance Sheet
As of June 30
(In Thousands)

	2020	2021	2022	2023	2024
Assets					
Cash and Short-Term Investments	$ --	$ 342,496	$ 1,717,891	$ 577,190	$ 37,241
Accrued Taxes Receivable	3,163,868	1,733,156	1,641,988	1,574,133	1,866,265
Accrued Accounts Receivable	19,780	17,572	20,434	--	25,221
Loans Receivable	3,419	3,412	3,412	3,413	3,413
Total Assets	$ 3,187,066	$ 2,096,636	$ 3,383,725	$ 2,154,736	$ 1,932,140
Liabilities, Reserves, Fund Balances and Surplus					
Liabilities					
Deficiency in Cash and Short-Term Investments	$ 2,030,662	$ --	$ --	$ --	$ --
Accounts Payable Nonfunctional Change to Accruals	636,018	665,656	873,763	500,240	691,444
Due to Other Funds	1,951	462	9,995	258	--
Total Liabilities	$ 2,668,631	$ 666,118	$ 883,758	$ 500,498	$ 691,444
Reserves and Fund Balances					
Petty Cash Funds	$ 1,000	$ 995	$ 991	$ 1,001	$ 990
Statutory Surplus Reserves	183,110	475,864	1,261,301	555,275	400,997
Statutory Surplus Reserves for FY 2022 - 2023	--	--	208,200	--	205,000
Reserve to Pay Off GAAP Bonds	--	--	--	211,700	--
Appropriations Continued to Following Year	139,105	758,445	834,261	691,048	438,495
Reserve for Receivables	3,419	3,412	3,412	3,412	3,412
Fund Balance Related to Statutory GAAP Budgeting[(b)]	191,802	191,802	191,802	191,802	191,802
Total Reserves and Fund Balance	$ 518,435	$ 1,430,518	$ 2,499,967	$ 1,654,238	$ 1,240,696
Unappropriated Surplus (Deficit)	$ 0	$ 0	$ 0	$ 0	$ 0
Total Liabilities, Reserves and Surplus	$ 3,187,066	$ 2,096,636	$ 3,383,725	$ 2,154,736	$ 1,932,140

(a) For Fiscal Years 2020-2024, the financial statements are prepared on a statutory basis using accounting practices that follow the financial reporting provisions of CGS Sections 3-115, 3-115b and 3-114b through 3-114r.

(b) Amount is deemed a statutory surplus reserve. The negative unassigned fund balance in the General Fund as defined by Public Act No. 17-51 was $603,828,154 as of June 30, 2023. Pursuant to such act, commencing with Fiscal Year 2018 and for the succeeding ten years, the Secretary of OPM shall annually publish an amortization schedule to fully reduce the negative unassigned balance by June 30, 2028.

GENERAL FUND

Statement of Revenues, Expenditures and Changes in Unappropriated Surplus
Fiscal Year Ended June 30
(In Thousands)

	2020	2021	2022	2023	2024
Unappropriated Surplus (Deficit), July 1	$ -0-	$ -0-	$ -0-	$ -0-	$ -0-
Total Revenues (per Appendix II-D-6)	19,193,540	20,531,419	21,990,857	22,822,894	22,716,130
Total Expenditures (per Appendix II-D-7)	19,188,634[(a)]	19,436,205[(b)]	20,655,131[(c)]	22,198,901[(d)]	22,779,387[(d)]
Operating Balance	$ 4,906	$ 1,095,214	$ 1,335,726	$ 623,993	$ (63,257)
Reserved for Prior Year Appropriations					
Less Appropriations Carried Forward	25,444	(619,340)	(75,816)	(68,488)	464,254
Other Adjustments	8,359	(10)	1,391	(230)	-0-
Reserved from Prior Year	-0-	-0-	-0-	-0-	-0-
Subtotal	$ 38,709	$ 475,864	$ 1,261,301	$ 555,275	$ 400,997
Transferred or Reserved for:		--			
Budget Reserve Fund	--		--	--	(76,021)
SERS/TRS Fund	(38,709)[(f)]	(475,864)[(f)]	(1,261,301)[(f)]	(555,275)[(g)]	(324,976)[(h)]
Unappropriated Surplus (Deficit), June 30	$ -0-	$ -0-	$ -0-	$ -0-	$ -0-

(a) Total Expenditures include prior year appropriations less appropriations carried forward to the next fiscal year in the amount of $25.444 million.

(b) Total Expenditures include prior year appropriations less appropriations carried forward to the next fiscal year in the amount of $(619.340) million.

(c) Total Expenditures include prior year appropriations less appropriations carried forward to the next fiscal year in the amount of $(75.816) million.

Also includes $3.6 million not reflected in Appendix II-D-9.

(d) Total Expenditures includes prior year appropriations less appropriations carried forward to Fiscal Years 2024 and 2025 in the amount of $(68.488) million.

(e) Total Expenditures include prior year appropriations less appropriations carried forward to the next fiscal year in the amount of $460.134 million.

(f) In accordance with State statute, because the Budget Reserve Fund reached the statutory limit of 15%, the Treasurer determined it was in the best interest of the State to transfer the surplus to the State Employees' Retirement Fund.

(g) It is determined by State statute to be in the best interest of the State to transfer the surplus to the Teachers' Retirement System.

(h) In accordance with State statute, because the Budget Reserve Fund reached the statutory limit of 18%, the Treasurer determined it was in the best interest of the State to transfer the remaining $324.9 million of the surplus as follows: $179.0 million as an additional contribution to the State Employees' Retirement Fund and $145.9 million as an additional contribution to the Teachers' Retirement System.

GENERAL FUND

Statement of Revenues
Fiscal Year Ended June 30
(In Thousands)

	2020	2021	2022	2023	2024
Taxes:					
Personal Income	$ 9,397,779[(a)]	$ 10,340,437[(b)]	$ 12,131,800[(c)]	$ 11,223,390[(d)]	$ 11,803,047[(e)]
Sales and Use	4,317,730	4,792,675	4,818,083	4,944,772	5,003,036
Corporations	934,499	1,153,079	1,401,153	1,516,588	1,555,553
Insurance Companies	228,350	229,761	240,969	295,687	300,167
Inheritance and Estate	159,538	303,339	220,223	218,352	129,551
Alcoholic Beverages	73,080	79,111	78,916	80,242	78,860
Cigarettes	346,300	351,077	326,709	290,789	251,816
Admissions, Dues, Cabaret	39,939	36,022	41,011	40,677	38,870
Public Service Corporations	254,076	243,671	295,681	278,205	343,767
Real Estate Conveyance	176,578	385,028	384,454	287,187	284,563
Miscellaneous / Health Provider	1,023,041	1,052,109	1,051,776	851,995	908,490
Pass-Through Entity Tax	1,241,949	1,549,716	2,307,594	2,048,068	1,964,652
Refunds of Taxes	(1,491,413)	(1,857,512)	(1,811,202)	(1,990,104)	(2,156,713)
R&D Credit Exchange	(8,628)	(7,093)	(5,756)	(6,061)	(9,028)
Other Revenue:					
Licenses, Permits, Fees	307,524	329,568	368,612	331,212	368,570
Sales of Commodities and Services	26,136	22,872	22,816	17,880	18,651
Transfer – Special Revenue	340,090	410,301	395,023	395,602	382,557
Investment Income	48,690	2,945	20,607	206,218	293,314
Transfers — To Other Funds(f)	(129,620)	--	--	--	--
Fines, Escheats and Rents	154,288	183,115	220,749	230,698	275,757
Miscellaneous	256,341	257,766	272,825	260,885	180,034
Refunds of Payments	(69,306)	(37,661)	(74,708)	(75,821)	(85,660)
Federal Grants	1,796,754	1,496,315	1,934,869	1,997,837	2,060,692
Indian Gaming Payments	164,141	228,883	248,686	278,974	305,655
Statutory Transfer to Budget Reserve Fund for Volatility Adjustment	(530,316)	(1,241,460)	(3,047,454)	(1,321,793)	(1,321,350)
Statutory Transfers To / From Other Funds	136,000	227,356	147,421	421,415	(258,721)
Total Revenues[(g)]	$19,193,540	$ 20,531,419	$ 21,990,857	$22,822,894	$22,716,130

(a) Personal Income includes withholding of $6,815,212,581 and Estimates and Finals of $2,582,566,122.

(b) Personal Income includes withholding of $7,243,803,612 and Estimates and Finals of $3,096,633,081.

(c) Personal Income includes withholding of $7,886,242,302 and Estimates and Finals of $4,245,558,091.

(d) Personal Income includes withholding of $8,317,165,509 and Estimates and Finals of $2,906,224,724.

(e) Personal Income includes withholding of $8,666,448,405 and Estimates and Finals of $3,136,598,180.

(f) Transfer to Pequot/Mohegan Fund.

(g) See Operating Balance on **Appendix II-D-7** for surplus or deficit for each fiscal year.

GENERAL FUND

Statement of Expenditures
Fiscal Year Ended June 30
(In Thousands)

	2020	2021	2022	2023	2024
Legislative	$ 69,158	$ 69,727	$ 75,577	$ 84,112	$ 89,523
General Government					
Executive	11,537	11,698	12,145	16,064	17,884
Financial Administration	543,570	551,398	651,650	827,435	396,502
Legal	79,515	83,260	85,905	90,948	92,442
Total General Government	634,622	646,356	749,700	934,447	506,828
Regulation and Protection of Persons and Property					
Public Safety	195,897	204,080	212,845	219,355	232,223
Regulative	84,679	80,025	90,838	126,452	111,566
Total Regulation and Protection	280,576	284,105	303,683	345,807	343,789
Conservation and Development					
Agriculture	12,392	13,316	14,358	18,256	18,581
Environment	51,060	54,015	56,836	59,789	58,310
Historical Sites, Commerce and Industry	108,157	122,145	161,905	158,513	169,686
Total Conservation and Development	171,609	189,476	233,099	236,558	246,577
Health and Hospitals					
Public Health	67,570	68,396	76,953	92,277	81,526
Developmental Services	514,989	543,884	559,262	597,218	1,452,373
Mental Health	620,331	631,292	640,158	705,647	751,374
Total Health and Hospitals	1,202,890	1,243,572	1,276,373	1,395,142	2,285,273
Human Services	4,356,788	4,257,971	4,444,984	4,969,383	4,675,934
Education, Libraries and Museums					
Department of Education	3,238,749	3,265,830	3,349,271	3,339,499	3,439,085
CT Tech High School System	0	0	0	190,315	193,279
University of Connecticut	327,486	394,370	421,975	445,433	402,704
Higher Education and the Arts	37,237	35,593	38,252	38,048	13,724
Libraries	8,272	8,798	9,011	8,899	9,675
Teachers' Retirement	1,240,227	1,281,216	1,468,617	1,601,870	1,578,730
Community—Technical Colleges	143,847	151,803	201,442	219,501	255,335
State University	158,829	166,236	209,052	216,545	221,594
Total Education, Libraries and Museums	5,154,647	5,303,846	5,697,620	6,060,110	6,114,126
Corrections	1,429,124	1,412,659	1,305,228	1,485,572	1,502,814
Judicial	574,735	580,979	606,544	653,109	675,221
Non-Functional					
Debt Service	2,204,512	2,219,492	2,328,964	2,506,352	2,710,141
Miscellaneous	3,109,973	3,228,021	3,629,730	3,528,309	3,629,213
Total Non-Functional	5,314,485	5,447,513	5,958,694	6,034,661	6,339,354
Total Expenditures[(a)]	$19,188,634	$19,436,204	$20,651,502	$22,198,901	$22,779,439

(a) See Operating Balance on **Appendix II-D-7** for surplus or deficit for each fiscal year.

NOTE: Totals may not add due to rounding.

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APPENDIX II-E

APPENDIX II-E

GENERAL FUND REVENUES AND EXPENDITURES
ADOPTED BUDGET AND FINANCIAL RESULTS FOR FISCAL YEAR 2024
ADOPTED AND ESTIMATED BUDGET FOR FISCAL YEAR 2025
(In Millions)

	Adopted Budget Fiscal Year 2024[e]	Financial Results Fiscal Year 2024[f]	Adopted Budget Fiscal Year 2025[e]	Estimated Budget Fiscal Year 2025
Revenues				
Taxes				
Personal Income Tax	$ 11,023.3	$ 11,803.0	$ 11,233.4	$ 12,162.6
Sales & Use	5,299.5	5,003.0	5,428.2	5,103.5
Corporation	1,514.5	1,555.6	1,526.5	1,560.7
Pass-Through Entity Tax	1,815.6	1,964.7	1,877.3	2,059.3
Public Service	291.6	343.8	296.8	311.9
Inheritance & Estate	178.1	129.6	182.2	171.9
Insurance Companies	262.8	300.2	266.8	301.7
Cigarettes	276.4	251.8	262.0	244.7
Real Estate Conveyance	287.7	284.6	292.6	277.6
Alcoholic Beverages	78.4	78.9	78.8	78.8
Admissions and Dues	31.0	38.9	31.0	39.5
Health Provider Tax	956.4	883.8	957.4	891.0
Miscellaneous	45.4	24.7	69.2	21.4
Total Taxes	$ 22,060.7	$ 22,662.4	$ 22,502.2	$ 23,224.6
Less Refunds of Taxes	(1,879.5)	(1,969.9)	(1,971.9)	(1,932.9)
Less Earned Income Tax	(191.6)	(186.8)	(196.2)	(196.2)
Less R&D Credit Exchange	(7.5)	(9.0)	(7.8)	(7.8)
Net Taxes	$ 19,982.1	$ 20,496.6	$ 20,326.3	$ 21,087.7
Other Revenues				
Transfers- Special Revenues	$ 406.5	$ 382.6	$ 411.9	$ 383.4
Indian Gaming Payments	283.7	305.7	286.0	308.6
Licenses, Permits, Fees	356.5	368.6	330.7	330.7
Sales of Commodities & Services	16.9	18.7	17.8	18.0
Rents, Fines & Escheats	172.9	275.8	175.2	188.8
Investment Income	198.9	293.3	201.7	593.1
Miscellaneous	153.2	180.0	158.0	194.3
Less Refunds of Payments	(85.7)	(85.7)	(67.1)	(97.2)
Total Other Revenue	$ 1,502.9	$ 1,738.9	$ 1,514.2	$ 1,919.7
Other Sources				
Federal Grants	$ 1,867.8	$ 2,060.7	$ 1,886.5	$ 1,924.7
Transfers from Tobacco Settlement Funds	(272.7)	99.2	(70.4)	109.4
Transfers (to)/from Other Funds[a]	108.4	(357.9)	106.7	40.3
Transfers to BRF – Volatility Adjustment[b]	(683.2)	(1,321.3)	(659.6)	(1,403.5)
Total Other Sources	$ 1,020.3	$ 480.6	$ 1,263.2	$ 670.9
Total Budgeted Revenue[c]	$ 22,505.3	$ 22,716.1	$ 23,103.7	$ 23,678.3
Revenue Cap Deduction	--	--	--	--
Total Available Revenue	$ 22,505.3	$ 22,716.1	$ 23,103.7	$ 23,678.3

	Adopted Budget Fiscal Year 2024[(e)]	Financial Results Fiscal Year 2024[(f)]	Adopted Budget Fiscal Year 2025[(e)]	Estimated Budget Fiscal Year 2025
Appropriations/ Expenditures				
Legislative	$ 102.0	$ 92.5	$ 108.3	$ 103.0
General Government	522.5	440.6	581.3	473.2
Regulation & Protection	345.0	333.9	355.1	353.0
Conservation & Development	230.0	210.3	224.8	225.4
Health & Hospitals	2,310.6	2,311.8	2,342.0	2,326.2
Human Services	4,502.1	4,629.1	4,633.2	4,911.4
Education, Libraries & Museums	6,041.7	5,986.3	6,358.5	6,406.6
Corrections	1,503.5	1,502.6	1,516.7	1,544.6
Judicial	674.7	676.8	694.7	713.1
Non- Functional				
Debt Service	2,574.0	2,548.3	2,594.4	2,515.5
Miscellaneous	3,433.1	3,583.0	3,579.5	3,552.3
Subtotal	$ 22,239.3	$ 22,315.2	$ 22,988.6	$ 23,124.3
Other Reductions and Lapses	(133.7)	(0.0)	(182.7)	(111.0)
Net Appropriations/ Expenditures	$ 22,105.6	$ 22,315.2	$ 22,805.9	$ 23,235.3
Surplus (or Deficit) from Operations	399.7	401.0	297.8	443.0
Miscellaneous Adjustments	--	--	--	--
Balance[(d)]	$ 399.7	$ 401.0	$ 297.8	$ 443.0

NOTE: Columns may not add due to rounding.

(a) Includes transfers to the Mashantucket Pequot Fund for grants to towns.

(b) CGS Section 4-30a requires that any amount in Estimates and Finals and Pass-Through Entity Tax revenue above a prescribed threshold be transferred to the Budget Reserve Fund.

(c) Does not include revenues or expenditures with respect to Restricted Accounts and Federal & Other Grants, which are not included in this Appendix. The amount of such expenditures is generally the same as the amount of grants received.

(d) Per CGS Section 4-30a, after the accounts for the General Fund have been closed for each fiscal year and the Comptroller has determined the amount of unappropriated surplus or deficit in said fund, after any amounts required by provision of law to be transferred for other purposes have been deducted, the amount of such surplus or deficit shall be transferred by the State Treasurer to/from the Budget Reserve Fund.

(e) Per Public Act No. 23-204.

(f) Per the Comptroller's audited statutory basis financial results dated December 31, 2024 and adjusted by the Office of Policy and Management to exclude expenditures of appropriations carried over from the prior fiscal year and to include expenditures of appropriations carried into the next fiscal year. **See STATE GENERAL FUND – Fiscal Year 2024 Operations**.

(g) Estimates reflect the Office of Policy and management's January 20, 2025 monthly forecast letter to the State Comptroller as of the period ending December 31, 2024. **See STATE GENERAL FUND – Fiscal Year 2025 Operations**.

NOTE: The information in **Appendix II-E** of this **Information Statement** contains projections and no assurances can be given that subsequent projections or adjustments will not result in changes in the items of revenue and expenditure and in the final result of the operations of the General Fund. Changes may also occur as the result of legislative action adjusting the budget or taking other actions which impact revenues or expenditures.