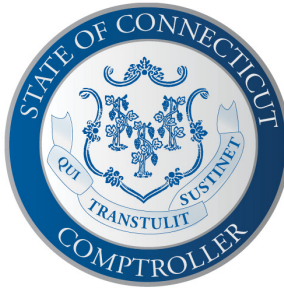


KEVIN LEMBO
STATE COMPTROLLER



MARTHA CARLSON
DEPUTY COMPTROLLER



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

September 9, 2021

The Honorable Shawn T. Wooden
Office of the State Treasurer
165 Capitol Avenue
Hartford, CT 06106

Dear Treasurer Wooden,

I write to inform you that the state's Budget Reserve Fund has exceeded its statutory cap following a final revenue volatility transfer in Fiscal Year 2021. The excess amount totals \$1,142,442,611.80 and is now available to be directed to either the State Employees Retirement Fund, the Teachers' Retirement Fund, or a combination of the two at your discretion.

As you know, the Budget Reserve Fund is capped at 15 percent of current year net General Fund appropriations. In Fiscal Year 2021, General Fund revenues in volatile categories — estimated and final payments of the personal income tax and the Pass-Through Entity Tax — exceeded the state's revenue volatility cap by \$1,241,460,235. That amount is automatically directed to the Budget Reserve Fund.

That deposit brings the balance in the Budget Reserve Fund to \$4,254,401,878.60, or approximately 20.5 percent of General Fund expenditures. As mentioned above, because state law caps the fund at 15 percent of net General Fund appropriations (currently approximately \$3.1 billion), the excess amount above that threshold is to be directed to one of two pension funds.

Additionally, any General Fund budgetary surplus will also be available for deposit in one of the pension funds following a final year-end audit to be completed by Dec. 31.

I'm confident that the decision you reach will be with the best interest of Connecticut taxpayers in mind and I thank you and your staff for your work.

Please reach out to me if you have any questions.

Sincerely,



Kevin Lembo
State Comptroller