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November 3, 2025

The Honorable Ned Lamont
Governor of the State of Connecticut
Hartford, Connecticut

Dear Governor Lamont,

I write to provide you with financial statements for the General Fund and the Special Transportation Fund through September 30, 2025. The Office of the State Comptroller (OSC) is projecting the General Fund (GF) will end **Fiscal Year 2026** with a **\$322.3 million surplus** and the Special Transportation Fund (STF) will end Fiscal Year (FY) 2026 with a **\$14.0 million surplus**. OSC is in general agreement with the Office of Policy and Management's (OPM's) General Fund and Special Transportation Fund projections. The following analysis of the financial statements furnished by OPM is provided pursuant to CGS Section 3-115.

The **General Fund** is projected to close FY 2026 with a **\$322.3 million surplus**, which is \$5.5 million higher than last month and \$13.3 million more than budgeted. The decrease this month is entirely due to lower projected spending. Revenue projections are unchanged at this time, but revisions are likely when OPM and the General Assembly's Office of Fiscal Analysis release their November consensus revenue forecasts later this month. *See page two for more General Fund information.*

The **Special Transportation Fund (STF)** is projected to close FY 2026 with a \$14.0 million operating surplus, an increase of \$2.0 million from last month due fully to lower projected spending. The surplus is \$15.8 million below the \$29.8 million budgeted surplus. The STF closing balance is projected to be \$424.3 million (18.6% of FY 2026 net appropriations). *See page two for more STF information.*

Associated with the close out of FY 2025, there is \$1.9 billion available to be transferred from the **Budget Reserve Fund (BRF)**, also known as the "Rainy Day Fund." The funds will be used to reduce the State's pension liabilities and potentially to address recent federal funding reductions if the General Assembly votes to do the latter at a possible special session. After all required transfers, the BRF will be at its statutory cap of \$4.33 billion (18% of net General Fund appropriations) for FY 2026.

The BRF is projected to receive \$1.763 billion in transfers associated with the close out of FY 2026. That consists of the General Fund Surplus and volatility cap deposit (\$1.44 billion). The **Early Childhood Education Endowment (ECEE)** is projected to receive \$322.3 million of that amount for FY 2026. After these transfers, the balance of the BRF is anticipated to temporarily reach \$5.77 billion (24.0% of FY 2026 General Fund appropriations). Given the 18% statutory cap, we anticipate additional transfers to reduce pension debt during the closeout of FY 2026. *See page two for more BRF information.*

If you have any questions on this report, please do not hesitate to contact me.

Sincerely,



Sean Scanlon
State Comptroller

This month in Numbers

General Fund Surplus
\$322.3 million
+5.5 million this month

Transportation Fund Surplus
\$14.0 million
+2.0 million this month

Projected BRF Transfer at FY 2026 Year-End
\$1.762 billion
+5.5 million this month

General Fund Revenue
\$24.492 billion
No change this month

General Fund Expenditures
\$24.167 billion
-5.5 million this month, increasing the surplus

STF Revenue
\$2.299 billion
No change this month

STF Expenditures
\$2.287 billion
-2.0 million this month, increasing the surplus

General Fund Snapshot

Projected net deficiencies fell by \$12.9 million, more than offsetting a \$7.4 million decline in budgeted funds expected to lapse at year-end. The \$322.3 million projected surplus is 1.3% of this year's GF budget.

Key Spending Changes this Month:

Medicaid, the projected shortfall fell from \$100 million to \$75 million. Expiring ACA subsidies increase spending by \$11.3 million.

New/higher deficiencies for Worker's Compensation Claims-DAS, Adjudicated Claims, Office of Early Childhood, and Judicial Department

Debt Service, spending is reduced by \$7.8 million based on better bond sale results and other savings

Assumed **bottom line savings** (unallocated lapse, targeted savings lapse) are reduced by \$17.1 million

Special Transportation Fund Snapshot

Spending on Debt Service is now projected to be \$13.1 million below budget, thanks to lower expected borrowing costs and debt service for an upcoming sale (though that lapse is largely replacing a budgeted lapse of \$12 million). The DMV and Department of Administrative Services are also newly expected to underspend.

Projected Transfer from FY 2025 balance to reduce indebtedness (PA 25-168 Sec. 389):
\$59.6 million

Projected FY 2026 Closing Balance:
\$424.3 million (18.6% of FY 2026 budget)

Budget Reserve Fund Snapshot

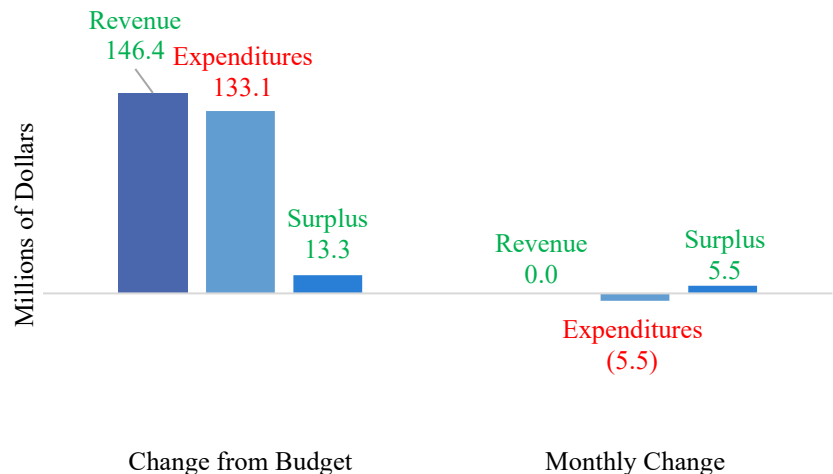
The BRF remains full. This month's projections increased the General Fund surplus, which will increase the transfer to the Early Childhood Education Endowment at fiscal-year end by \$5.5 million under current estimates.

BRF Balance (% of FY 2026 GF budget):
\$4.327 billion (at the statutory cap of 18%)

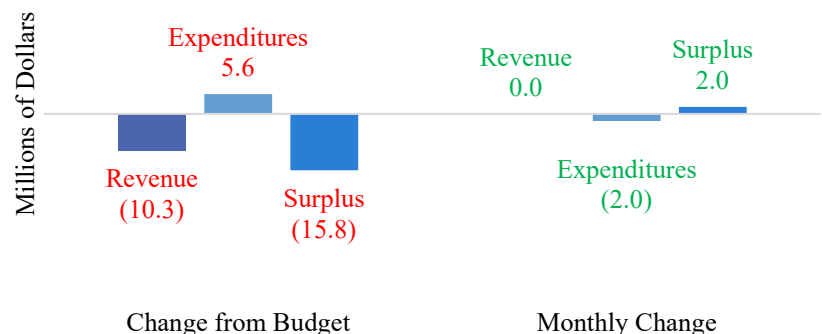
Projected FY 2026 Year-end Balance Before Pension Transfers (% of FY 2026 GF budget):
\$5.767 billion (24.0%)

Funds in excess of the 18% cap during FY 2026 close out are expected to result in additional transfers to pay down unfunded pension liabilities.

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

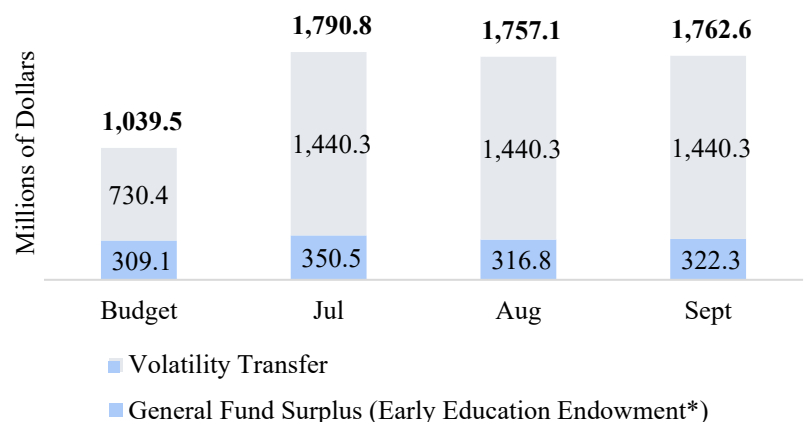


How do STF current projections compare to the budget and what changed this month?



Note: Green labels denote improvements to balance, Red labels denote deterioration.

What is the projected FY 2026 year-end transfer to the Budget Reserve Fund?



Figures reflect the projected General Fund balance and volatility transfer to the Budget Reserve Fund at fiscal year-end according to the financial statements dated as of the end of the month shown.

*Any portion of the General Fund surplus not required for filling the BRF to its 18% cap will be transferred at year-end to the Early Childhood Education Endowment, pursuant to [PA 25-93](#).