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December 1, 2025

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

Dear Governor Lamont,

I write to provide you with financial statements for the General Fund and the Special Transportation Fund through October 31, 2025. The Office of the State Comptroller (OSC) is projecting the General Fund (GF) will end **Fiscal Year 2026** with a **\$164.4 million surplus** and the Special Transportation Fund (STF) will end Fiscal Year (FY) 2026 with a **\$43.7 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 **\$164.4 million surplus**, down \$157.9 million from last month and \$144.6 million lower than budgeted. The decrease was primarily due to downward revisions in revenue of \$135.0 million, as reflected in the November consensus forecast. The largest reduction was in Corporation Tax, which was revised downward by \$186.9 million, \$136.9 million of that resulting from the expected impact of H.R. 1 (OBBBA). The law included a provision permitting corporations to immediately expense research and experimental expenses as opposed to amortizing them over a five-year period.

It should be noted that revenues from Personal Income Tax (Estimates and Finals) and the Pass-through Entity Tax (PET) were revised upward by \$295.4 million and \$74.7 million, respectively. However, because State law caps these volatile revenue streams to the General Fund, the \$370.1 million will be transferred to the Budget Reserve Fund instead of adding to the General Fund's surplus. *See page two for more General Fund information.*

The **Special Transportation Fund (STF)** is projected to close FY 2026 with a \$43.7 million operating surplus, an increase of \$29.7 million from last month and \$13.9 million above budget. The increase was primarily the result of an upward revision in Oil Company Tax of \$32.4 million due to better than anticipated collections as reflected in the November consensus forecast. The STF closing balance is projected to be \$456.2 million (20.0% of FY 2026 net appropriations). *See page two for more STF information.*

With the close out of FY 2025, \$1.4 billion was transferred from the **Budget Reserve Fund (BRF)**, also known as the "Rainy Day Fund," to reduce the State's pension liabilities. H.B. 8003, passed in the November Special Session, allowed \$500 million in excess of the BRF's 18% cap to stay in the fund to address certain federal funding reductions that may occur. Disregarding the \$500 million, the BRF is at its statutory cap of \$4.33 billion (18% of net General Fund appropriations) for FY 2026.

The BRF is projected to receive \$1.975 billion in transfers associated with the close out of FY 2026. That consists of the General Fund Surplus and volatility cap deposit (\$1.81 billion). The **Early Childhood Education Endowment (ECEE)** is projected to receive \$164.4 million of that amount for FY 2026. After these transfers, the balance of the BRF is anticipated to temporarily reach \$6.1 billion (25.5% 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

\$164.4 million

-157.9 million this month

Transportation Fund Surplus

\$43.7 million

+29.7 million this month

Projected BRF Transfer at FY 2026 Year-End

\$1.975 billion

+212.2 million this month

General Fund Revenue

\$24.357 billion

-135.0 million this month, decreasing the surplus

General Fund Expenditures

\$24.192 billion

+22.9 million this month, decreasing the surplus

STF Revenue

\$2.329 billion

+30.0 million this month, increasing the surplus

STF Expenditures

\$2.285 billion

+0.3 million this month, decreasing the surplus

General Fund Snapshot

Projected revenues were revised down by \$135.0 million in the November consensus forecast. The \$164.4 million projected surplus is 0.01% of this year's GF budget.

Key Changes this Month:

Corporation Tax, revised downward \$186.9 million. \$136.9 million was due to impacts of OBBBA allowing accelerated deductions, and another \$50.0 million was due to continued underperformance.

PET, Estimates and Finals, revised upward \$370.1 million, in aggregate, resulting from a strong stock market and estimated payments exceeding expectations (*no impact on surplus*).

Withholding and Sales Tax, revised upward \$76.0 million, in aggregate, due to performing stronger than expected.

Expenditures, in aggregate are expected to exceed budgeted levels by \$156.0 million.

Special Transportation Fund Snapshot

Revenues were revised upward by \$30.0 million, primarily in the Oil Companies Tax (\$32.4 million), due to better than anticipated collections. Expenditures, in aggregate, are expected to exceed the budgeted level by \$5.9 million. While the current fiscal year is on track for a surplus, recent reports from [OPM](#) and the [Office of Fiscal Analysis](#) point to long term fiscal concerns for the STF.

Transfer from FY 2025 balance to reduce indebtedness (PA 25-168 Sec. 389):
\$57.5 million

Projected FY 2026 Closing Balance:
\$456.2 million (20.0% of FY 2026 budget)

Budget Reserve Fund Snapshot

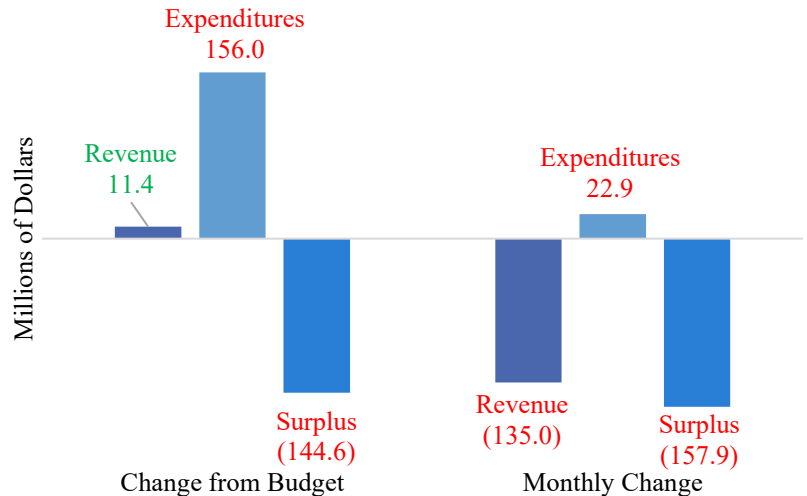
The BRF remains full. This month's projections increased the volatility transfer and decreased the General Fund surplus, which will decrease the transfer to the Early Childhood Education Endowment at fiscal-year end by \$157.9 million under current estimates.

BRF Balance (% of FY 2026 GF budget):
\$4.327 billion (at the statutory cap of 18%) (*Excludes \$500 million federal emergency funds*)

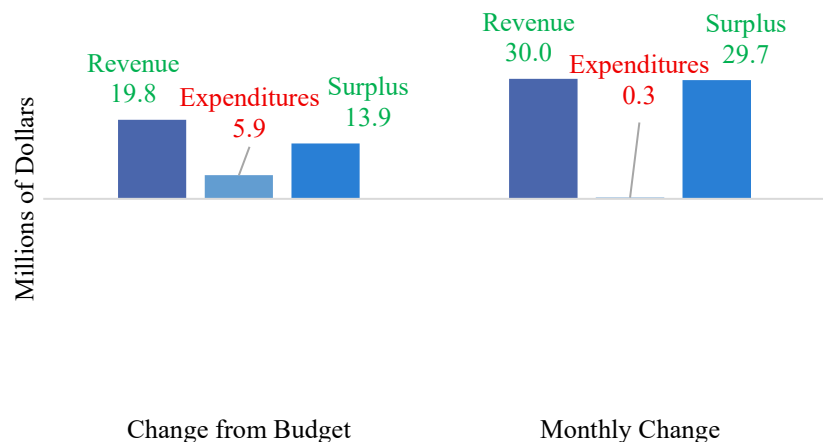
Projected FY 2026 Year-end Balance Before Pension Transfers (% of FY 2026 GF budget):
\$6.137 billion (25.5%) (*Excludes \$500 million federal emergency funds*)

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?

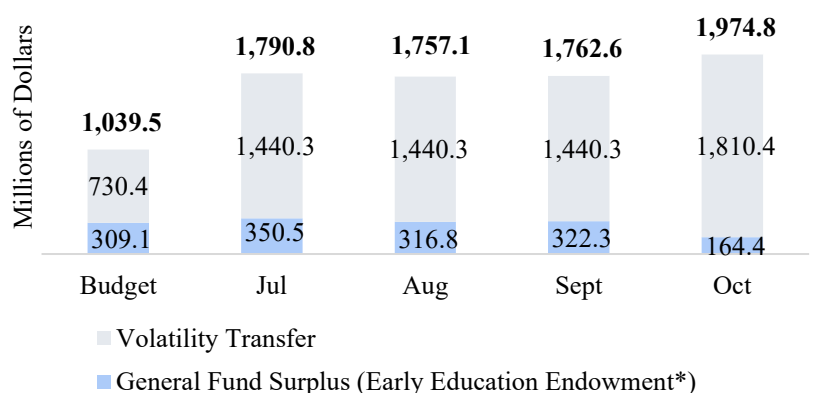


How do STF current projections compare to the budget and what changed this month?



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](#).