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January 2, 2026

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 November 30, 2025. The Office of the State Comptroller (OSC) is projecting the General Fund (GF) will end **Fiscal Year 2026** with a **\$136.3 million surplus** and the Special Transportation Fund (STF) will end Fiscal Year (FY) 2026 with a **\$50.3 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 **\$136.3 million surplus**, which is \$28.1 million lower than last month and \$172.7 million less than budgeted. The decrease this month is entirely due to higher spending projections. The largest increase was in Medicaid, which increased \$25.0 million from the prior month as utilization and costs continue to grow. As discussed below, \$167.9 million of the reserve funds established in Special Act 25-1 during the November 2025 Special Session were transferred to the General Fund with a corresponding expenditure.

The **Special Transportation Fund (STF)** is projected to close FY 2026 with a **\$50.3 million surplus**, an increase of \$6.5 million from last month due fully to lower projected spending. The projected surplus is \$20.4 million above the \$29.8 million budgeted surplus. The STF closing balance is projected to be \$462.7 million (20.3% of FY 2026 net appropriations). *See page two for more STF information.*

With the close out of FY 2025, \$1.5 billion was transferred from the **Budget Reserve Fund (BRF)**, also known as the "Rainy Day Fund," to reduce the State's pension liabilities. The BRF is at its statutory cap of \$4.33 billion (18% of net General Fund appropriations) for FY 2026, not including the remaining portion of the \$500.0 million reserve fund for responding to federal actions or inactions affecting the State's budget. During the month, \$167.9 million was transferred to the General Fund to cover various costs, leaving a balance of \$332.1 million in the BRF.

The BRF is projected to receive \$1.947 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 \$136.3 million of that amount for FY 2026. After these transfers, the balance of the BRF is anticipated to temporarily reach \$6.14 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

\$136.3 million

-28.1 million this month

Transportation Fund Surplus

\$50.3 million

+6.5 million this month

Projected BRF Transfer at FY 2026 Year-End

\$1.947 billion

-28.1 million this month

General Fund Revenue

\$24.525 billion

+167.9 million this month, increasing the surplus

General Fund Expenditures

\$24.388 billion

+196.0 million this month, decreasing the surplus

STF Revenue

\$2.329 billion

No change this month

STF Expenditures

\$2.279 billion

-6.5 million this month, increasing the surplus

General Fund Snapshot

The major change this month was the recognition of \$167.9 million in revenue (a transfer from the Budget Reserve Fund) and the same amount of additional spending from the \$500 million emergency fund.

Otherwise, projected agency shortfalls rose by \$40.1 million, partially offset by budgeted funds expected to lapse at year-end increasing by a net \$12 million.

Key Spending Changes this Month:

Medicaid, the projected shortfall rose from \$85 million to \$110 million.

New/higher deficiencies including Worker's Compensation Claims-DAS, Adjudicated Claims, Dept. of Emergency Services & Public Protection, and the Technical Education and Career System.

Special Transportation Fund Snapshot

Spending on Debt Service is now projected to be \$19.2 million below budget, thanks to lower expected borrowing costs and timing (up from \$13.1 million last month). The DMV is also projected to spend \$500,000 less than last month.

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

Projected FY 2026 Closing Balance:
\$462.7 million (20.3% of FY 2026 budget)

Budget Reserve Fund Snapshot

The BRF remains full. This month's projections lowered the General Fund surplus, which will reduce the transfer to the Early Childhood Education Endowment at fiscal-year end by \$28.1 million under current estimates.

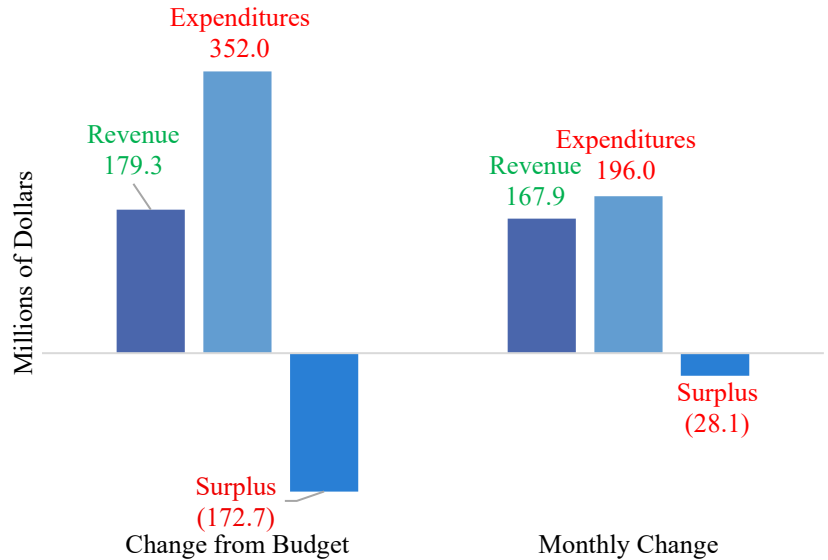
BRF Balance (% of FY 2026 GF budget):

\$4.327 billion (at the statutory cap of 18%)**
**Excludes balance of emergency funds established under Special Act 25-1.

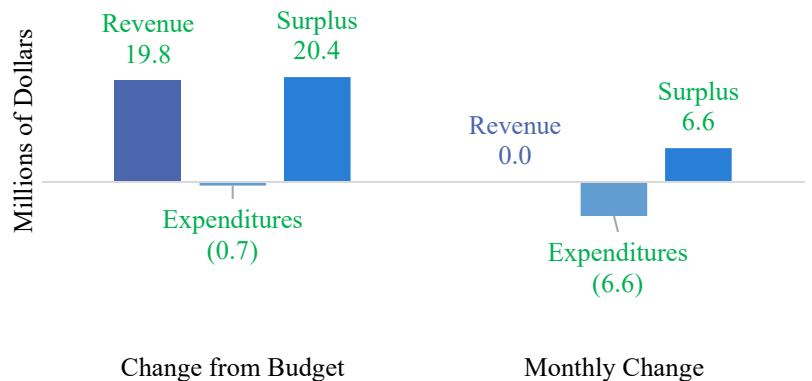
Projected FY 2026 Year-end Balance Before Pension Transfers (% of FY 2026 GF budget):
\$6.137 billion (25.5%)

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?

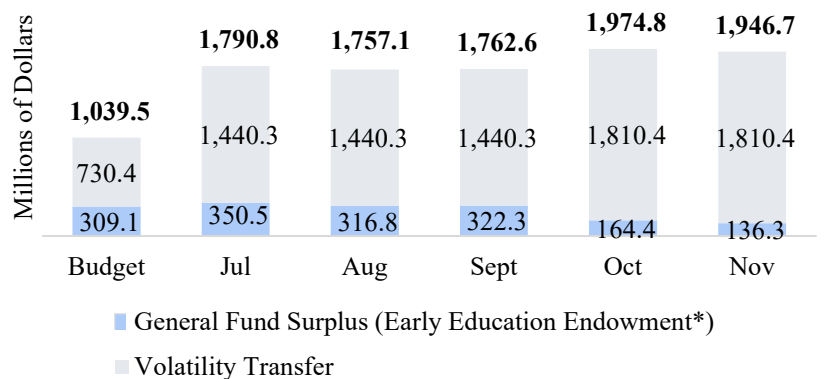


How do STF current projections compare to the budget and what changed this month?



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](#).