



February 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 December 31, 2025. The Office of the State Comptroller (OSC) is projecting the General Fund (GF) will end **Fiscal Year 2026** with a **\$85.9 million surplus** and the Special Transportation Fund (STF) will end Fiscal Year (FY) 2026 with a **\$46.5 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 **\$85.9 million surplus**, which is \$50.4 million lower than last month and \$223.1 million less than budgeted. This month's decrease coincides with the \$59.7 million downward revision in overall revenue from January's consensus revenue report compared to the prior month. Although there were some positive adjustments, such as an upward revision in Sales and Use Tax of \$67.0 million and \$20.0 million in Indian Gaming Payments, they were completely offset by a \$100.0 million increase in expected Refunds of Taxes and other changes. Corporation Tax was revised downward by \$20.0 million as collections continue to underperform for the year.

The **Special Transportation Fund (STF)** is projected to close FY 2026 with a **\$46.5 million surplus**, a decrease of \$3.8 million from last month largely due to downward revisions from January's consensus revenue report. The largest change was a reduction in Motor Vehicle Receipts, reduced by \$2.5 million, driven by a shift between fiscal years in the number of renewals of various motor vehicle related credentials. The projected surplus is still \$16.7 million above the \$29.8 million budgeted surplus, and the closing balance is projected to be \$458.9 million (20.1% of FY 2026 net appropriations).

The **Budget Reserve Fund (BRF)**, also known as the "Rainy Day Fund," is at its statutory cap of \$4.33 billion (18% of net General Fund appropriations) for FY 2026. The BRF is projected to receive \$1.896 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 \$85.9 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

\$85.9 million

-50.4 million this month

Transportation Fund Surplus

\$46.5 million

-3.8 million this month

Projected BRF Transfer at FY 2026 Year-End

\$1.896 billion

-50.4 million this month

General Fund Revenue

\$24.465 billion

-59.7 million this month, decreasing the surplus

General Fund Expenditures

\$24.379 billion

-9.3 million this month, increasing the surplus

STF Revenue

\$2.325 billion

-3.5 million this month, decreasing the surplus

STF Expenditures

\$2.279 billion

0.3 million this month, decreasing the surplus

General Fund Snapshot

The major change this month was the downward revision to revenues of \$59.7 million as a result of the January 15th consensus revenue forecast.

Otherwise, projected agency shortfalls fell by \$3.0 million while budgeted funds expected to lapse at year-end increased by a net \$9.3 million.

Key Revenue Changes this Month:

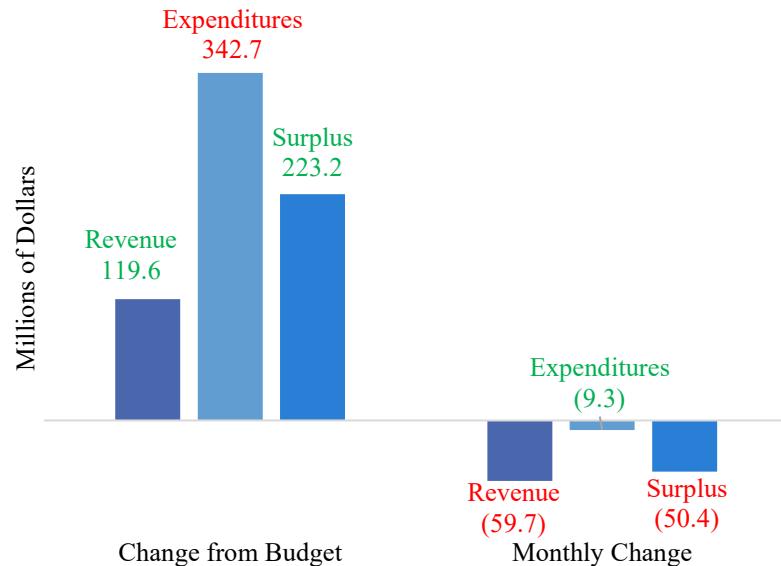
Sales and Use Tax, projection rose by \$67.0 million

Higher Refunds of Taxes, especially for Pass-through Entity Tax, lower revenues by \$100 million

Key Spending Changes this Month:

Medicaid, the projected shortfall decreased from \$110 million to \$100 million.

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



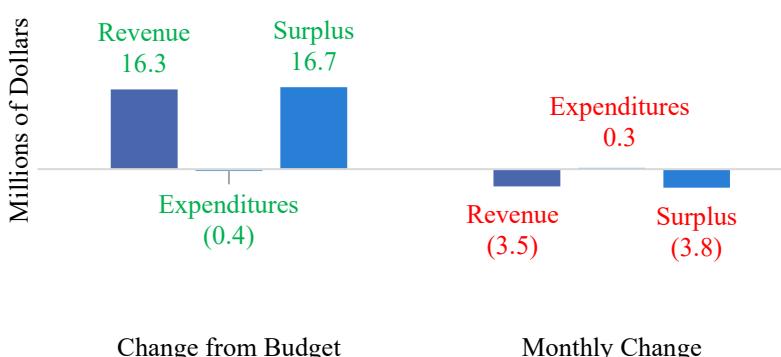
Special Transportation Fund Snapshot

Revenues decreased by \$3.5 million due to downward revisions in the January 15th consensus revenue report. The primary driver was a reduction in **Motor Vehicle Receipts** of \$2.5 million. All other changes from the consensus report resulted in a \$1.0 million reduction in revenue. Agency shortfalls rose by slightly more than estimated lapses.

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

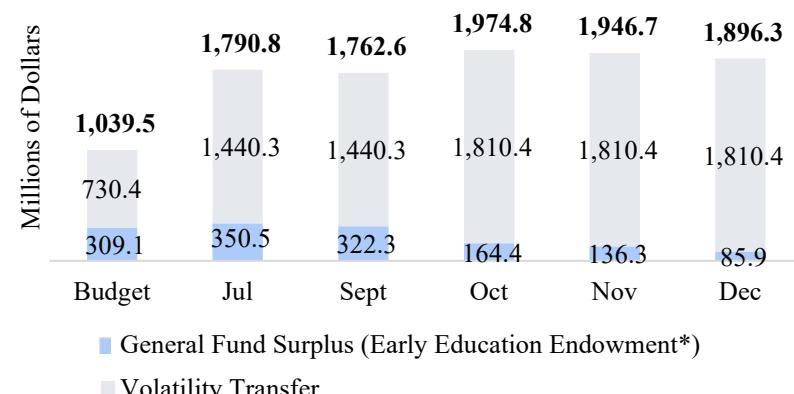
Projected FY 2026 Closing Balance:
\$458.9 million (20.1% of FY 2026 budget)

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](#).

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.