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March 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 January 31, 2026. The Office of the State Comptroller (OSC) is projecting the General Fund (GF) will end **Fiscal Year 2026** with a **\$77.3 million surplus** and the Special Transportation Fund (STF) will end Fiscal Year (FY) 2026 with a **\$46.4 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 **\$77.3 million surplus**, which is \$8.7 million lower than last month and \$231.8 million less than budgeted. The decrease from last month is the result of an overall increase in projected expenditures of \$10.0 million. This was slightly offset by an increase in revenues of \$1.3 million resulting from net transfers between the General Fund and Budget Reserve Fund pursuant to Special Act 25-1 to cover certain costs related to the loss or decrease of federal funding.

The **Special Transportation Fund (STF)** is projected to close FY 2026 with a **\$46.4 million surplus**, a decrease of \$0.1 million from last month due to higher projected expenditures. The projected surplus is still \$16.6 million above the \$29.8 million budgeted surplus, and the closing balance is projected to be \$458.8 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. Special Act 26-1 was passed in February 2026, moving the remaining \$330.8 million (not included in the \$4.33 billion total) set aside to respond to reductions in federal funding to a newly created Federal Cuts Response Fund. These funds will continue to be held and used to offset the loss of federal funding through any action or inaction at the federal level through fiscal year 2027, at which time any unused portion of those funds will be returned to the BRF.

The BRF is projected to receive \$1.888 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 \$77.3 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.

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

\$77.3 million
-8.7 million this month

Transportation Fund Surplus

\$46.4 million
-0.1 million this month

Projected BRF Transfer at FY 2026 Year-End

\$1.888 billion
-8.7 million this month

General Fund Revenue

\$24.466 billion
+1.3 million this month, increasing the surplus

General Fund Expenditures

\$24.389 billion
+10.0 million this month, decreasing the surplus

STF Revenue

\$2.325 billion
Unchanged this month

STF Expenditures

\$2.279 billion
+0.1 million this month, decreasing the surplus

General Fund Snapshot

Revenues were adjusted upward slightly by \$1.3 million due to net transfers between the General Fund and BRF. This increase was more than offset by an upward revision in projected expenditures of \$10.0 million.

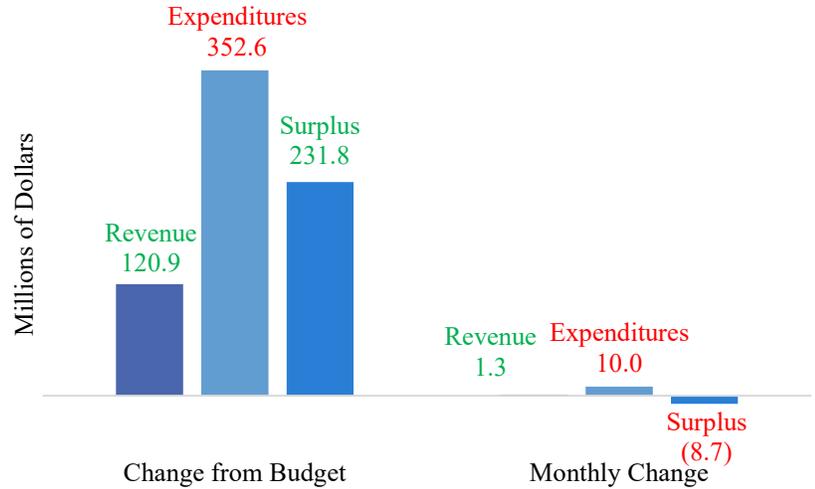
Key Revenue Changes this Month:

Revenues changed little from last month, with a \$1.3 million increase from net transfers.

Key Spending Changes this Month:

Projected agency shortfalls increased for the Departments of Housing, Emergency Services & Public Protection, Mental Health & Addiction Services, as well as for the Office of Early Childhood and DAS Workers' Compensation Claims.

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



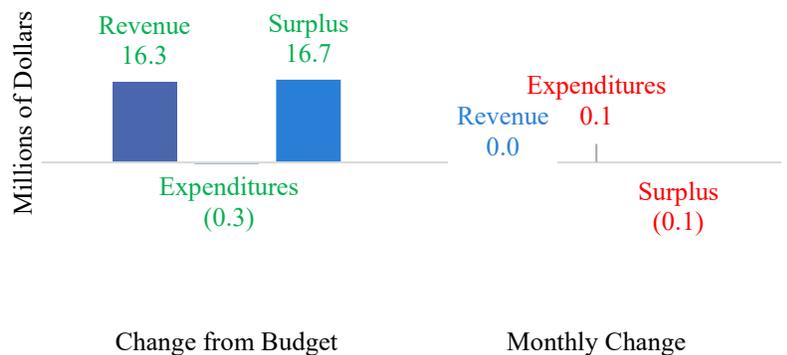
Special Transportation Fund Snapshot

Revenues remained unchanged from the prior month. Compared to last month, agency shortfalls rose by \$1.05 million (mainly for the Department of Transportation) but that additional projected spending was almost entirely offset by additional lapses of \$950,000 (mostly in the Department of Administrative Services).

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

Projected FY 2026 Closing Balance:
\$458.8 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.

Budget Reserve Fund Snapshot

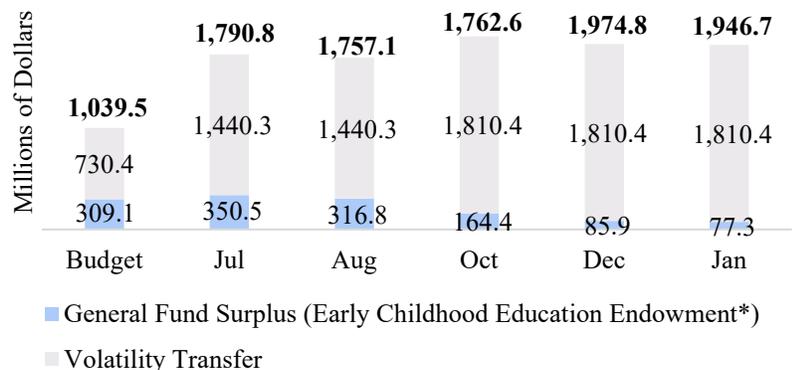
The BRF remains full. This month's projections lowered the General Fund surplus, which will reduce the transfer to the ECEE at fiscal-year end by \$8.7 million under current estimates.

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):
\$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.

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](#).