



— STATE COMPTROLLER —  
**SEAN SCANLON**

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## **COMPTROLLER SEAN SCANLON PROJECTS \$6.0 MILLION DEFICIT**

*Economic Update spotlights personal debt drivers and consequences*

(HARTFORD, CT) – Comptroller Sean Scanlon today, in his monthly financial and [economic update](#), projected a Fiscal Year 2026 General Fund deficit of \$6.0 million and a Special Transportation Fund surplus of \$47.4 million, both in general agreement with the Office of Policy and Management’s (OPM’s) projections; however, the Office of the Comptroller projects a lower General Fund ending balance than OPM’s \$33.0 million surplus due to a \$39.0 million shortfall in the Retired State Employees Health Service Cost account.

The General Fund year-end projection decreased \$83.3 million from last month and stands at \$315.1 million less than budgeted. The decrease from last month was driven in large part by downward revisions in Corporate Tax revenue, reduced by \$75.0 million, as it continues to underperform relative to the adopted budget due to subsequent federal tax changes and the volatile economy. Refunds of taxes were also revised upward by \$50.0 million due to higher-than-expected income tax refunds, which reduces revenues. Despite other net spending reductions of \$30.7 million, total projected expenditures are \$8.3 million higher than last month due to the \$39.0 million shortfall for retired state employee health service, related to higher than anticipated utilization and drug costs.

“While we never want to see a deficit of any size, it’s important to recognize how small—0.025% of the budget—this projected deficit is. Thanks to the progress we’ve made, the Governor and legislature have numerous ways to address this small gap, which was primarily caused by the corporate tax changes in President Trump’s Big Beautiful Bill and the challenges our larger businesses face in this volatile economy,” **said Comptroller Scanlon.**

In the monthly [Economic Update](#), the Office of the State Comptroller provides key insights on the labor and housing markets, the impact of the War in Iran, and—special to this month—the burden of personal debt. While average statistics point to relatively low levels of debt (as a share of income) for consumers overall, averages never tell the whole story. Rising auto loan delinquencies suggest significant distress, and approximately 13% of Connecticut student loan borrowers have federal loans in default, meaning they’re at risk for wage garnishment and

other forced collections by the federal government. The full report dives into mortgages, credit cards, and more.

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