



May 1, 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 March 31, 2026. The Office of the State Comptroller (OSC) is projecting the General Fund (GF) will end **Fiscal Year 2026** with a **\$109.0 million deficit** and the Special Transportation Fund (STF) will end Fiscal Year (FY) 2026 with a **\$119.7 million surplus**. OSC is in general agreement with the Office of Policy and Management's (OPM's) GF and STF projections; however, OSC projects a lower General Fund ending balance than OPM's \$70.0 million deficit due to a shortfall in the Retired State Employees Health Service Cost Account as discussed in OSC's April 1st letter. OPM is finalizing a plan that is expected to resolve that shortfall by next month. 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 **\$109.0 million deficit**, which is \$103.0 million higher than last month and \$418.1 million less than budgeted. The decrease from last month was driven in large part by downward revisions in revenue estimates netting \$81.7 million, which reflect updated consensus estimates from OPM and the Office of Fiscal Analysis (OFA) released on April 30th. The largest negative General Fund impacts relate to downward revisions in federal grants revenue of \$71.9 million due to timing of reimbursements, crossing over fiscal years, a reduction in corporation tax of \$70.0 million as collections continue to underperform, and an increase of \$25.0 million in refunds of taxes (reducing revenue). These decreases were slightly offset by upward revisions in various revenue categories totaling \$85.2 million, with \$45.0 million of that in rents, fines, and escheats due to higher than anticipated revenue from unclaimed property.

The **Special Transportation Fund (STF)** is projected to close FY 2026 with a **\$119.7 million surplus**, an increase of \$72.3 million from last month due to upward revisions in revenue of \$69.6 million, primarily in oil companies tax (+\$67.5 million) as the increase in oil prices is expected to result in additional profit. In addition, projected expenditures were revised downward by \$2.7 million. The projected surplus is \$89.9 million above the \$29.8 million budgeted surplus, and the closing fund balance is projected to be \$532.1 million (23.3% 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 \$2.097 billion from the volatility cap deposit associated with the close out of FY 2026. After transfers, the balance of the BRF is anticipated to temporarily reach \$6.32 billion (26.3% 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. The Early Childhood Education Endowment is not projected to receive a transfer for FY 2026 under current estimates.

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 Deficit

\$109.0 million

-103.0 million this month

Transportation Fund Surplus

\$119.7 million

+72.3 million this month

Projected BRF Transfer at FY 2026 Year-End

\$2.098 billion

+287.5 million this month

General Fund Revenue

\$24.309 billion

*-81.7 million this month
increasing the deficit*

General Fund Expenditures

\$24.419 billion

*+21.3 million this month,
increasing the deficit*

STF Revenue

\$2.395 billion

*+69.6 million this month,
increasing the surplus*

STF Expenditures

\$2.275 billion

*-2.7 million this month,
increasing the surplus*

General Fund Snapshot

Revenues decreased by \$81.7 million compared to last month, while projected expenditures increased by \$21.3 million. The currently projected \$103.0 million deficit is equivalent to -0.453% of the General Fund budget.

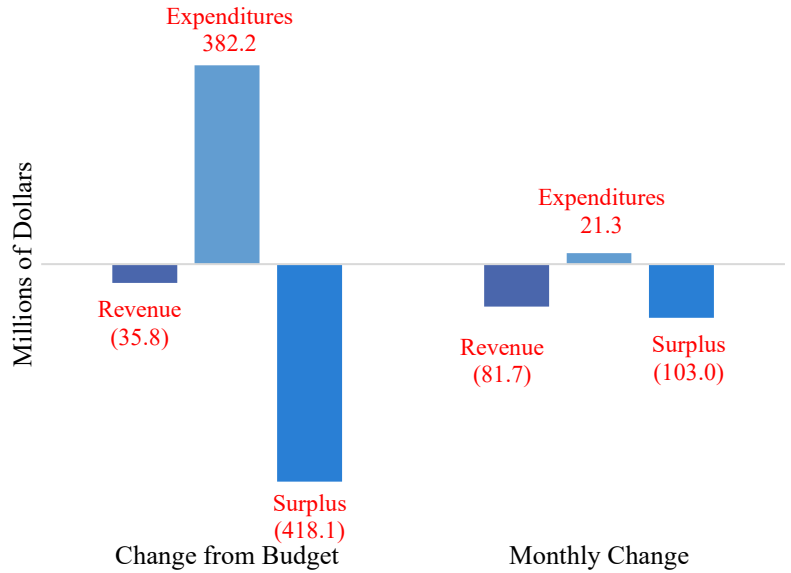
Key Revenue Changes this Month:

Corporate Tax was lowered by \$70.0 million as it continues to underperform due in part to federal tax changes. Federal grant revenue was lowered by \$71.9 million due to timing of reimbursements, which are expected to fall outside this fiscal year. Tax refunds were also increased by \$25.0 million due to higher-than-expected refunds.

Key Spending Changes this Month:

Projected agency shortfalls decreased for Social Services, Emergency Services, and Corrections. These decreases were completely offset by an \$18 million increase in adjudicated claims and other smaller increases in Mental Health and Addiction Services, Technical Education, Judicial and Workers' Compensation Claims.

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



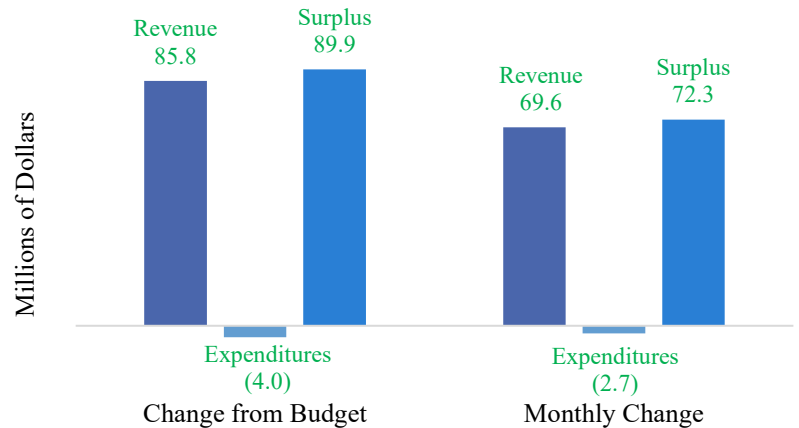
Special Transportation Fund Snapshot

Revenues increased by \$69.6 million from the prior month, primarily due to an upward revision of \$67.5 million in oil company tax. Compared to last month, agency shortfalls fell by \$2.1 million and lapses increased by \$0.6 million (mainly for the Department of Transportation).

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

Projected FY 2026 Closing Balance:
\$532.1 million (23.3% of FY 2026 net appropriations)

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

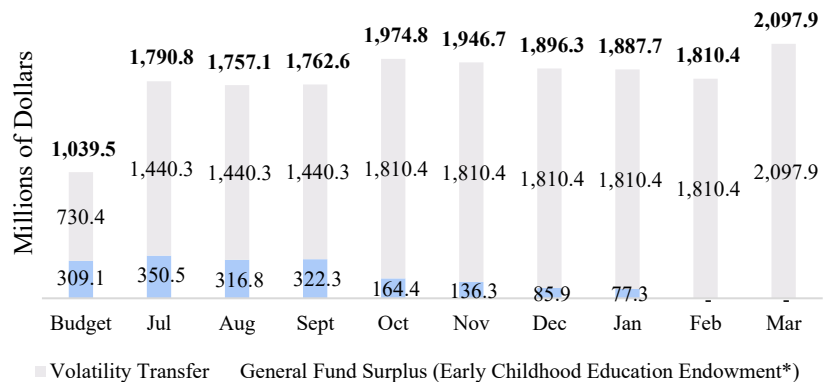
The BRF remains full. The projected General Fund deficit precludes a transfer to the Early Childhood Education Endowment at fiscal-year end. Higher estimates for volatile revenues subject to the volatility cap increase the volatility transfer by \$287.5 million.

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):
\$6.32 billion (26.3%)

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](#).