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June 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 April 30, 2026. The Office of the State Comptroller (OSC) is projecting the General Fund (GF) will end **Fiscal Year 2026** with a **\$322.8 million surplus** and the Special Transportation Fund (STF) will end Fiscal Year (FY) 2026 with a **\$20.3 million surplus**, in general agreement with the Office of Policy and Management's (OPM's) GF and STF 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 **\$322.8 million surplus**, which is \$431.8 million higher than last month and \$13.7 million more than budgeted. Revenue estimates were increased this month by \$786.7 million due to legislative action, primarily due to the passage of P.A. 26-68, the state budget act. It allowed a one-time adjustment to the volatility cap of \$813.7 million, allowing additional revenue to remain in the General Fund and transfers an additional \$103.7 million in revenue from FY 2026 into FY 2027, among other changes. These increases in revenue were somewhat offset by increases in expenditures totaling \$354.9 million, including new appropriations of \$283.0 million for educational and municipal aid in the state budget. Additional new revenue and expenditures of \$104.0 million relate to transfers from the Federal Cuts Response Fund as outlined in OPM's letter to legislative leaders dated May 15, 2026. The remainder of the increase in spending relates to a \$6.9 million increase in various accounts net against a \$39.0 million decrease in the Retired State Employees Health Service Cost account from an agreement between management and labor, voted on and approved during the May 11, 2026, Health Care Cost Containment Committee meeting to address cost overruns for FY 2026.

The **Special Transportation Fund** is projected to close FY 2026 with a **\$20.3 million surplus**, a decrease of \$99.4 million from last month and \$9.5 million below the \$29.8 million budgeted surplus. The decrease was due to a reduction in revenue resulting from the passage of P.A. 26-68, which transferred \$100.0 million in revenues from FY 2026 to FY 2027. Projected expenditure decreased by \$0.6 million compared to the prior month. The fund balance is projected to close at \$432.7 million (19.0% 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 \$1.28 billion from the volatility cap deposit and \$322.8 million from the General Fund surplus associated with the close out of FY 2026. After transfers, the balance of the BRF is anticipated to temporarily reach \$5.61 billion (22.6% of FY 2027 General Fund appropriations). Funds above the 18% statutory cap (currently estimated at \$1.13 billion) will be transferred to reduce pension debt during the closeout of FY 2026. The Early Childhood Education Endowment is projected to receive a transfer of \$322.8 million 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 Surplus
\$322.8 million
+431.8 million this month

Transportation Fund Surplus
\$20.3 million
-99.4 million this month

Projected BRF Transfer at FY 2026 Year-End
\$1.28 billion
-813.7 million this month

General Fund Revenue
\$25.096 billion
*+786.7 million this month
increasing the surplus*

General Fund Expenditures
\$24.774 billion
*+354.9 million this month,
decreasing the surplus*

STF Revenue
\$2.295 billion
*-100.0 million this month,
decreasing the surplus*

STF Expenditures
\$2.275 billion
*-0.6 million this month,
increasing the surplus*

General Fund Snapshot

Revenues increased by \$786.7 million compared to last month, and projected expenditures increased by \$354.9 million. Legislative policy changes improved the projected ending balance by \$399.7 million, inclusive of \$79.7 million in deficiency appropriations.

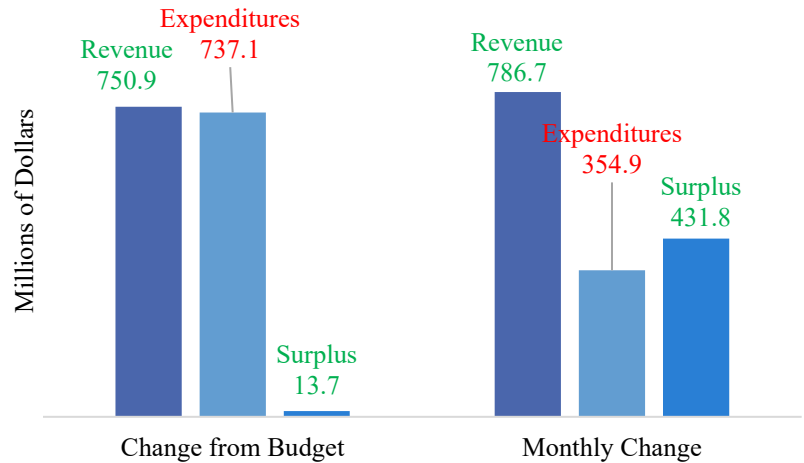
Key Revenue Changes this Month:

P.A. 26-68 increased net revenue by \$682.7, mainly due to a one-time adjustment to the volatility cap and transferring revenue into next fiscal year. Additionally, \$104.0 million was transferred into the General Fund from the Federal Cuts Response Fund.

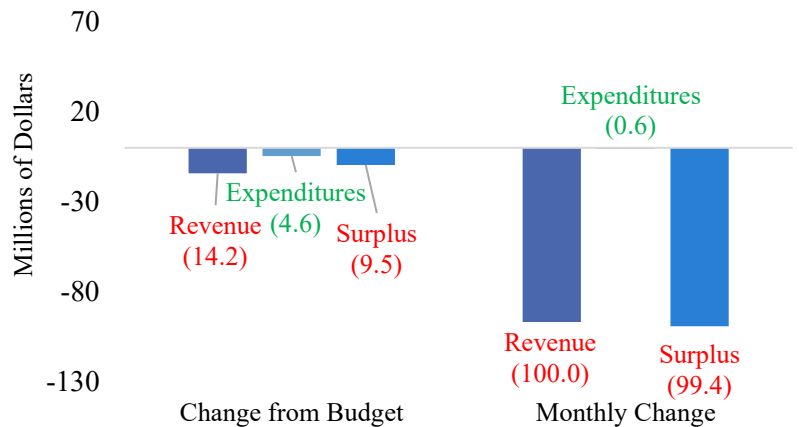
Key Spending Changes this Month:

Higher spending of \$283.0 million is due to new appropriations for educational and municipal aid pursuant to P.A. 26-68. Another \$104.0 is related to spending funded by the Federal Cuts Response Fund. The remainder is related to an estimated \$6.9 million increase in overall expenditures net against the \$39.0 million decrease in Retiree Health overages addressed by OPM.

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.

Special Transportation Fund Snapshot

The largest change was that projected revenues decreased by \$100.0 million from the prior month, due to P.A. 26-68 requiring a revenue transfer from FY 2026 to FY 2027 of that amount.

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

Projected FY 2026 Closing Balance:
\$432.7 million (19.0% of FY 2026 net appropriations)

Budget Reserve Fund Snapshot

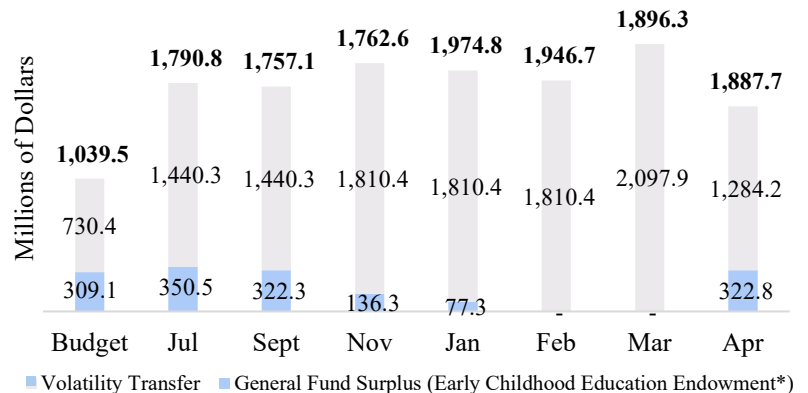
The BRF remains full. This month's projections reduced the volatility transfer but increased the General Fund surplus and, in turn, the transfer to the ECEE at fiscal year-end. Under current projections, the ECEE transfer is estimated at \$322.8 million.

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 2027 GF budget):
\$5.61 billion (22.6%)

Funds in excess of the 18% cap during FY 2026 close out (currently estimated at \$1.13 billion) will 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](#).