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July 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 May 31, 2026. The Office of the State Comptroller (OSC) is projecting the General Fund (GF) will end **Fiscal Year 2026** with a **\$411.7 million surplus** and the Special Transportation Fund (STF) will end Fiscal Year (FY) 2026 with a **\$22.7 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 **\$411.7 million surplus**, which is \$88.9 million higher than last month and \$102.6 million more than budgeted. Revenue estimates increased this month by \$94.0 million. The largest increases were in Corporate Tax (+\$30.0 million), Refunds of Taxes (+\$30.0 million), and Inheritance and Estate Tax (+\$22.0 million). An additional revenue increase (+\$8.5 million) is related to a transfer from the Federal Cuts Response Fund to be used for a one-time provision of \$300 grocery cards. Community action agencies will distribute the cards to the estimated 25,000 individuals losing SNAP eligibility due to federal changes in work requirements. Various other revenue changes result in a \$3.5 million net positive change. These increases in revenue projections are slightly offset by a \$5.1 million net increase in projected expenditures compared to the prior month, which includes the \$8.5 million increase in spending from the Federal Cuts Response Fund.

The **Special Transportation Fund** is projected to close FY 2026 with a **\$22.7 million surplus**, an increase of \$2.4 million from last month but \$7.1 million below the \$29.8 million budgeted surplus. The increase was due to a reduction in projected expenditures of \$8.6 million from the prior month, which was mainly the result of decreased debt service requirements. This was partially offset by reductions in revenue estimates totaling \$6.2 million due to exhibited weakness in Motor Vehicle Receipts and License, Permits, and Fee revenue compared to monthly targets.

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 \$1.33 billion from the volatility cap deposit and \$411.7 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 \$5.66 billion (22.8% of FY 2027 General Fund appropriations). Funds above the 18% statutory cap (currently estimated at \$1.18 billion) will be transferred to reduce pension debt during the closeout of FY 2026. The Early Childhood Education Endowment (ECEE) is projected to receive a transfer of \$411.7 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**  
\$411.7 million  
*+88.9 million this month*

**Transportation Fund Surplus**  
\$22.7 million  
*+2.4 million this month*

**Projected BRF Transfer at FY 2026 Year-End**  
\$1.334 billion  
*+50.0 million this month*

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**General Fund Revenue**  
\$25.190 billion  
*+94.0 million this month  
increasing the surplus*

**General Fund Expenditures**  
\$24.779 billion  
*+5.1 million this month,  
decreasing the surplus*

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**STF Revenue**  
\$2.289 billion  
*-6.2 million this month,  
decreasing the surplus*

**STF Expenditures**  
\$2.266 billion  
*-8.6 million this month,  
increasing the surplus*

## General Fund Snapshot

Revenues increased by \$88.9 million compared to last month, and projected expenditures increased by \$5.1 million. The surplus equals 1.7% of budgeted spending.

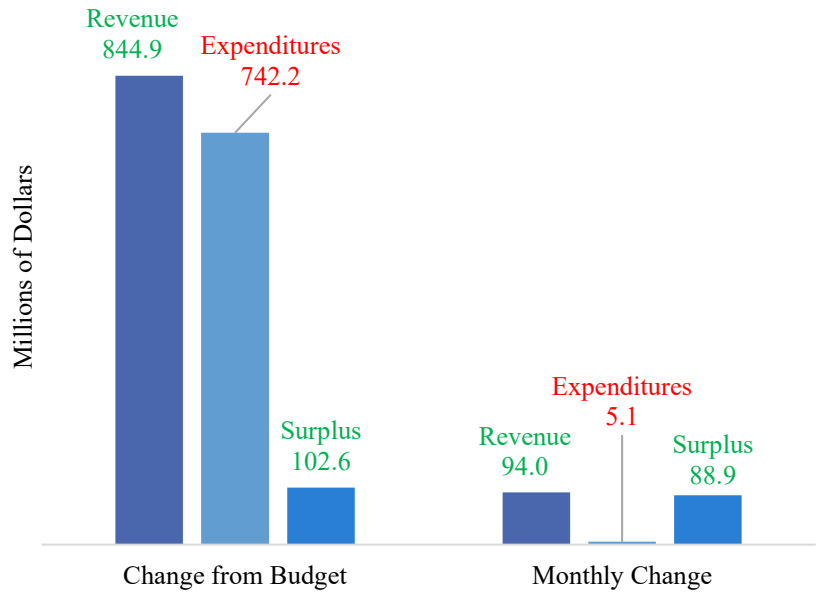
### Key Revenue Changes this Month:

Corporate Tax was increased by \$30.0 million due to estimated payments exceeding expectations. Inheritance and Estate Tax was also increased by \$22.0 million as collections remain stronger than prior years. Refunds of Taxes was also reduced by \$30.0 million, increasing revenue, from lower-than-expected income tax refunds.

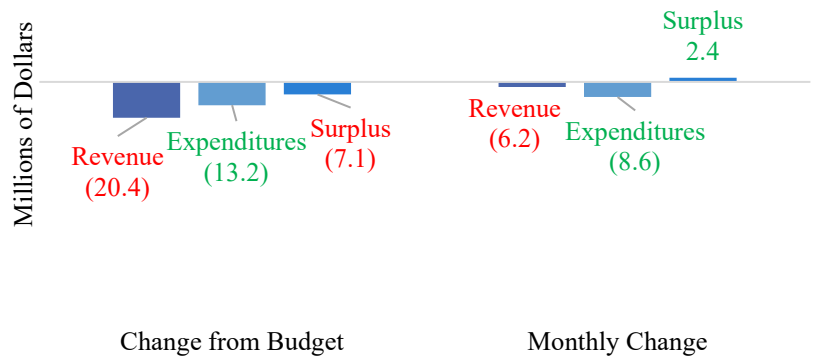
### Key Spending Changes this Month:

The increase in spending was driven by an \$8.5 million transfer from the Federal Cuts Response Fund and used for a one-time provision of \$300 grocery cards for individuals expected to lose SNAP eligibility due to changes in work requirements. This was slightly offset by reductions of \$3.4 million in various other areas as actual expenditures were lower than expected.

## 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

Expected revenues were reduced by \$6.2 million from the prior month due to weakness in collections of License, Permits, and Fee revenue (-\$5.0 million) and Motor Vehicle Receipts (-\$4.0 million). These reductions were offset by a net increase in other revenue categories of \$2.8 million, and a reduction in expenditures of \$8.6 million. Public Act 26-68 reduces revenues by transferring \$100 million in revenue from fiscal year 2026 to fiscal year 2027.

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

**Projected FY 2026 Closing Balance:**  
\$435.1 million (19.1% of FY 2026 net appropriations)

## Budget Reserve Fund Snapshot

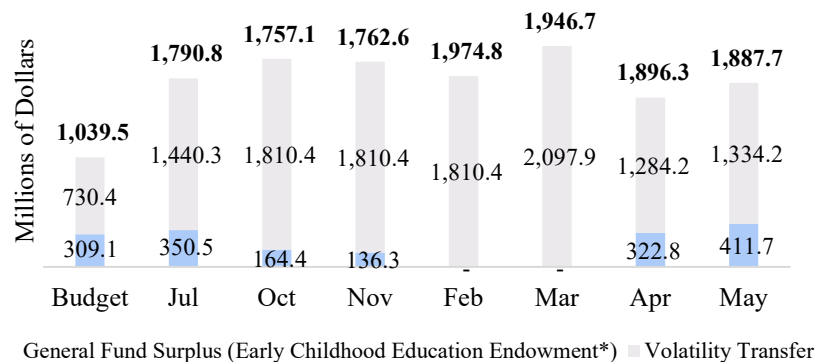
The BRF remains full. This month's projections increased the volatility transfer by \$50 million (Pass-through Entity Tax was revised up). The General Fund surplus and, in turn, the transfer to the ECEE at fiscal year-end, was also revised up to \$411.7 million under current estimates.

**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 2027 GF budget):**  
\$5.66 billion (22.8%)

Funds in excess of the 18% cap during FY 2026 close out (currently estimated at \$1.18 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](#).