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November 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 September 30, 2026. The Office of the State Comptroller (OSC) is projecting the General Fund (GF) will end **Fiscal Year 2027** with a **$363.1 million surplus** and the Special Transportation Fund (STF) will end Fiscal Year (FY) 2027 with a **$207.0 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 estimated to close FY 2027 with a **$363.1 million surplus**, which is $16.9 million lower than last month and $96.6 million less than budgeted. Revenue projections are unchanged this month and remain $63.6 million above the budget act. Projected expenditures rose by $16.9 million and are now $160.2 million above budget, including $13.5 million supported by the Federal Cuts Response Fund. Major changes include new shortfalls at the Department of Emergency Services and Public Protection ($7.5 million) and the Technical Education and Career System ($5.0 million), along with higher workers' compensation costs ($5.5 million). These were partially offset by lower shortfalls at the Department of Social Services (down $4.9 million).

The **Special Transportation Fund** is projected to close FY 2027 with a **$207.0 million surplus**. This is $2.6 million less than last month and $7.6 million below the budgeted surplus of $214.6 million. STF revenue projections are unchanged this month. Projected expenditures increased by $2.6 million, reflecting a new $1.0 million shortfall for workers' compensation claims and a $1.6 million rise in the net fringe benefits shortfall. The fund is expected to close FY 2027 with a balance of $ 640.8 million, equivalent to 26.6% of FY 2027 appropriations.

The **Budget Reserve Fund (BRF)**, also known as the "Rainy Day Fund," is at its statutory cap of $4.48 billion (18% of net General Fund appropriations) for FY 2027. The BRF is projected to receive $1.53 billion from the volatility cap deposit associated with the close out of FY 2027. After transfers, the balance of the BRF is anticipated to temporarily reach $6.01 billion (24.2% of FY 2027 General Fund appropriations). Funds above the 18% statutory cap will be transferred to reduce pension debt during the closeout of FY 2027. The Early Childhood Education Endowment is projected to receive a transfer of $363.1 million, the full General Fund surplus for FY 2027, 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**
$363.1 million
*-16.9 million this month*

**Transportation Fund Surplus**
$207.0 million
*-2.6 million this month*

**Volatility Transfer at FY 2027 Year-End**
$1.53 billion
*No change this month*

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**General Fund Revenue**
$25.398 billion
*No change this month*

**General Fund Expenditures**
$25.035 billion
*+16.9 million this month, decreasing the surplus*

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**STF Revenue**
$2.623 billion
*No change this month*

**STF Expenditures**
$2.416 billion
*+2.6 million this month, decreasing the surplus*

## General Fund Snapshot

The $363.1. million projected General Fund surplus equals 1.5% of net appropriations. Spending and revenue projections both include $13.5 million associated with the Federal Cuts Response Fund, with no net effect on the surplus.

### Key Revenue Changes:

There were no reported changes in revenue this month and revenues remain $63.6 million above the budget's adopted revenue schedule. OPM and the Office of Fiscal Analysis will release a consensus revenue forecast this month, which could materially alter these projections.

### Key Spending Changes this Month:

The largest change is a new $7.5 million shortfall at the Department of Emergency Services and Public Protection. The Workers' Compensation Claims-DAS shortfall grew $5.5 million to a total of $19.3 million, and the Technical Education and Career System has a new shortfall of $5.0 million.

## Special Transportation Fund Snapshot

Projected expenditures increased by $2.6 million this month and are now $5.6 million above the enacted budget. The increase is driven by higher fringe benefit and workers' compensation costs. Revenues are unchanged and remain $2.0 million below budget, due primarily to lower Licenses, Permits, and Fees revenue.

### Projected Transfer from FY 2026 balance to reduce indebtedness (PA 25-168 Sec. 389):

$8.9 million

### Projected FY 2027 Closing Balance:

$640.8 million (26.6% of FY 2027 net appropriations)

## Budget Reserve Fund Snapshot

The BRF remains full. This month's projections left the volatility transfer unchanged but reduced the General Fund surplus by $16.9 million. This lowers the estimated transfer to the ECEE at the end of the fiscal year to $363.1 million.

### BRF Balance (% of FY 2027 GF budget):

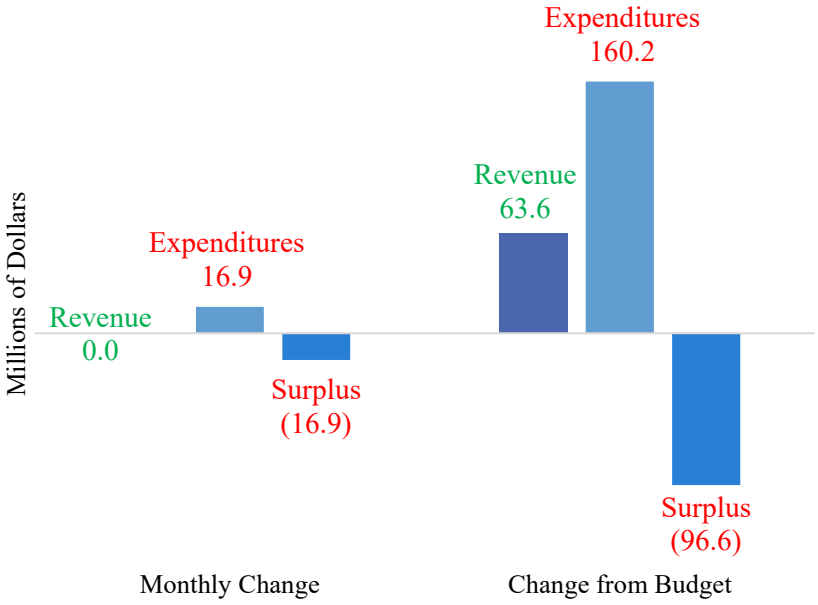
$4.477 billion (at the statutory cap of 18%)

### Projected FY 2027 Year-end Balance Before Pension Transfers (% of FY 2027 GF budget):

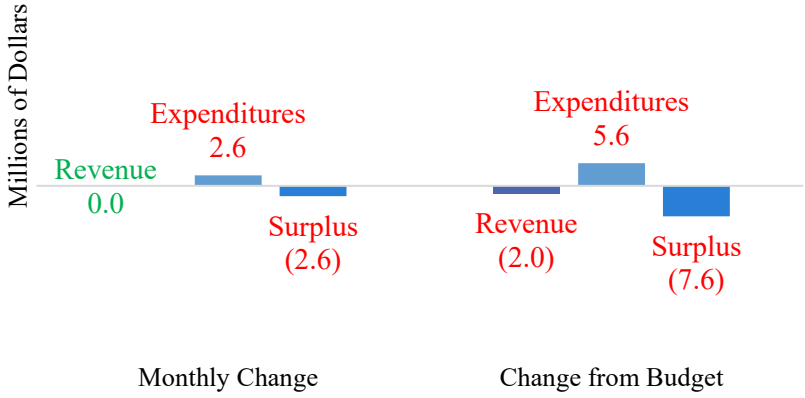
$6.01 billion (24.2%)

Funds in excess of the 18% cap during FY 2027 close out will result in additional transfers to pay down unfunded pension liabilities.

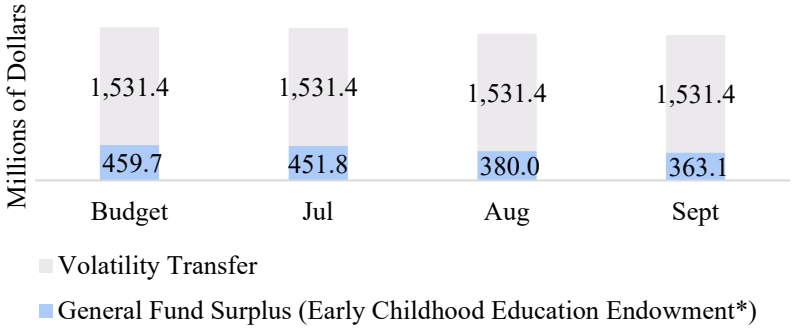
### How do General Fund current projections compare to the original budget and what changed this month?




### How do STF current projections compare to the budget and what changed this month?




### What is the projected FY 2027 year-end transfer from the General 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.