September 18, 2026

The Honorable Sean Scanlon
State Comptroller
165 Capitol Avenue
Hartford, Connecticut 06106

Dear Comptroller Scanlon:

Section 4-66 of the General Statutes requires that my office provide information on the state's General Fund for Fiscal Year 2027. An analysis of the Special Transportation Fund is also provided here due to the significance of this fund.

	FY 2027 Projection (in millions)				
General Fund	Budget	August Estimate	September Estimate	Change in Estimate - Sept vs. Aug	Sept Est. Variance from Budget
Revenues	$ 25,334.2	$ 25,397.8	$ 25,397.8	$ -	$ 63.6
Expenditures	24,874.5	24,946.0	25,017.8	71.8	143.3
Operating Results - Surplus/(Deficit)	$ 459.7	$ 451.8	$ 380.0	$ (71.8)	$ (79.7)
Budget Reserve Fund					
Deposits		$ 1,531.4	$ 1,531.4	$ -	
Withdrawals		(1,407.8)	(1,418.1)	(10.3)	
Proj. Net Deposit/(Withdrawal) 6/30		$ 123.6	$ 113.3 [1.]	$ (10.3)	
Special Transportation Fund					
Revenues	$ 2,624.6	$ 2,622.6	$ 2,622.6	$ -	$ (2.0)
Expenditures	2,410.0	2,413.0	2,413.0	-	3.0
Operating Results - Surplus/(Deficit)	$ 214.6	$ 209.6	$ 209.6	$ -	$ (5.0)
Proj. Fund Balance 6/30		$ 643.4	$ 643.4	$ -	

Notes:

1. BRF withdrawal includes amounts anticipated to be transferred to the State Employees Retirement Fund and the Teachers' Retirement Fund during the closeout of FY 2026. Estimated deposits excludes General Fund surplus to be transferred to the Early Childhood Education Endowment per C.G.S. Sec. 10-512a.

2. STF Fund balance after anticipated transfer to reduce STO debt pursuant to C.G.S. Sec. 13b-68.

General Fund

FY 2027 Projection Summary

The FY 2027 budget, adopted in P.A. 26-68, anticipated a $459.7 million balance at year end – 1.8% of General Fund appropriations. We are currently projecting a $380.0 million surplus as a result of revenue and expenditure projections that are both above budgeted levels as discussed below.

Revenues

Our forecast for General Fund Revenue remains unchanged from last month.

Expenditures

We forecast that FY 2027 expenditures will be $143.3 million above the level in the adopted budget, inclusive of $13.5 million in General Fund appropriation increases as a result of transfers from the Federal Cuts Response Fund. This is an increase from our August letter of $71.8 million. A description of projected shortfalls follows.

- Department of Mental Health and Addiction Services. A total shortfall of $15.0 million is anticipated, with $13.0 million in Personal Services due, in part, to a structural shortfall that was not addressed in the adopted budget; and $2.0 million in Other Expenses primarily as a result of rising food and beverage costs.
- Department of Social Services. A $25.0 million shortfall is projected in the Medicaid account based on current expenditure trends.
- Department of Correction. A $3.0 million shortfall is forecast in the Community Support Service account due to higher than expected contract expenses for halfway house beds.
- Department of Children and Families. A total shortfall of $4.0 million is projected with $2.0 million in Personal Services and $2.0 million in the Other Expenses account as a result of operational costs associated with Solnit Hospital.
- State Comptroller – Fringe Benefits. A net shortfall of $69.0 million is anticipated, with $16.0 million in the Higher Education Alternative Retirement System account, $56.0 million in Retired State Employees Health Service Cost, and $3.0 million in the Social Security Tax account. Partially offsetting those shortfalls is an anticipated lapse of $6.0 million in the SERS Defined Contributions account.
- Workers' Compensation Claims – DAS. A shortfall of $13.8 million is forecast, with higher than budgeted claim volume in all agency accounts. Claim volume is trending at the same level as FY 2026, which finished with expenditures of $114.5 million and no adjustment was made to the FY 2027 appropriation to reflect this higher level of expenditures.

Budget Reserve Fund

Our forecast for the Budget Reserve Fund is depicted below. We project that, after transfers out of the fund and into the State Employees and Teachers' Retirement Systems pursuant to the close-out of FY 2026 and transfers into the fund pursuant to the statutory volatility cap, the fund balance at the end of FY 2027 will be $6.01 billion, or 24.2% of net General Fund appropriations for the current year.

Budget Reserve Fund	(in millions)
Estimated BRF Ending Balance - FY 2026	$ 5,895.5
Estimated Deposit to SERS/TRS pursuant to FY 2026 Closeout	(1,418.1)
Estimated FY 2026 Ending Balance After Transfers to Pensions	$ 4,477.4
Projected Operating Surplus/(Deficit) - FY 2027	$ 380.0
Projected Volatility Cap Deposit - FY 2027	1,531.4
Projected Transfer to Early Childhood Education Endowment	(380.0)
Estimated BRF Ending Balance - FY 2027	$ 6,008.8
Ending BRF as % of FY 2027 General Fund Appropriations (P.A. 26-68)	24.2%

Special Transportation Fund

The adopted budget, P.A. 26-68, anticipated a $214.6 million balance from operations. We currently forecast an operating surplus of $209.6 million, down $5.0 million from the adopted budget as a result of updated revenue and expenditure projections as discussed below. We project that the Transportation Fund balance on June 30, 2027, will be $643.4 million.

Revenues

Our forecast for Special Transportation Fund revenue remains unchanged from last month.

Expenditures

We continue to forecast that FY 2027 expenditures will be $3.0 million above the level anticipated in the adopted budget as a result of a forecast shortfall in the State Comptroller's - Fringe Benefits accounts as a result of higher than budgeted costs for Social Security Taxes.

It is important to note that this represents only the second projection of the state's budget outlook for FY 2027. As the year progresses, these estimates will undoubtedly be revised to reflect the impact of changes in the economy, expenditure patterns, and/or other factors.

Sincerely,

Joshua Wojcik
Secretary

Attachments:

Summary Statements, FY 2027 Revenue and Expenditures

State of Connecticut
Summary of Changes - FY 2027
General Fund and Special Transportation Fund
Projected to June 30, 2027
As of August 31, 2026
(In Millions)

General Fund		
Balance from Operations - Prior Estimate		$ 451.8
Revenues		
No Changes	0.0	0.0
Expenditures		
Additional Requirements	(71.8)	
Estimated Lapses	0.0	
Appropriation Transfers from Federal Cuts Response Fund	0.0	(71.8)
Operating Surplus - FY 2027		$ 380.0
Budget Reserve Fund		
Fund Balance as of June 30, 2026 (OPM 9/18/26 est.)		$ 5,895.5
Deposit to SERS/TRS Pursuant to C.G.S. sec. 4-30a	(1,418.1)	
FY 2027 Est. Volatility Cap Deposit	1,531.4	
FY 2027 Est. Balance from Operations	380.0	
Transfer to Early Childhood Education Endowment	(380.0)	113.3
Estimated Fund Balance - June 30, 2027		$ 6,008.8
Fund Balance as Percentage of FY 2027 General Fund		24.2%
Special Transportation Fund		
Fund Balance as of June 30, 2026		$ 442.7
Transfer to Reduce Indebtedness (P.A. 25-168, Sec. 389)		(8.9)
Balance from Operations - Prior Month		209.6
Revenues		
No Changes	0.0	0.0
Expenditures		
Additional Requirements	0.0	
Estimated Lapses	0.0	
Miscellaneous Adjustments/Rounding	0.0	0.0
Estimated Fund Balance - June 30, 2027		$ 643.4

Statement 1
September 18, 2026

State of Connecticut
General Fund
Statement of FY 2027 Revenues, Expenditures, and Results of Operations
Projected to June 30, 2027
As of August 31, 2026
(In Millions)

	General Assembly Budget Plan [1.]	Revised Estimates OPM	Over/ (Under)
REVENUE			
Taxes	$ 24,924.6	$ 25,059.2	$ 134.6
Less: Refunds	(2,329.1)	(2,329.2)	(0.1)
Taxes - Net	$ 22,595.5	$ 22,730.0	$ 134.5
Other Revenue	1,666.0	1,670.9	4.9
Other Sources	1,072.7	996.9	(75.8)
TOTAL Revenue	$ 25,334.2	$ 25,397.8	$ 63.6
EXPENDITURES			
Initial Current Year Appropriations	$ 24,968.2	$ 24,968.2	$ -
Prior Year Appropriations Continued to FY 2027 [2.]		716.7	716.7
TOTAL Initial and Continued Appropriations	$ 24,968.2	$ 25,684.9	$ 716.7
Appropriation Adjustments[3.]	-	13.5	13.5
TOTAL Adjusted Appropriations	$ 24,968.2	$ 25,698.4	$ 730.2
Net Additional Expenditure Requirements		129.8	129.8
Estimated Appropriations Lapsed	(93.7)	(93.7)	-
Estimated Appropriations to be Continued to FY 2028 [2.]		-	-
TOTAL Estimated Expenditures	$ 24,874.5	$ 25,734.5	$ 860.0
Net Change in Fund Balance - Continuing Appropriations		(716.7)	(716.7)
Miscellaneous Adjustments/Rounding		-	-
Net Change in Unassigned Fund Balance - 6/30/2027	**$ 459.7**	**$ 380.0**	**$ (79.7)**

1. P.A. 26-68. Note that CGS Sec. 2-33c limits appropriations to 98.75% of General Fund revenue. As a result, $316.7 million of the budgeted surplus is due to this limitation.

2. CGS Sec. 4-89 and other statutory provisions. Prior appropriations carried forward into FY 2027 included $680.7 million from FY 2026 and $36.0 million from FY 2025.

State of Connecticut
General Fund
FY 2027 Revenue Estimates
Projected to June 30, 2027
As of August 31, 2026
(In Millions)

	General Assembly Budget Plan [1.]	Revised Estimates OPM	Over/ (Under)
TAXES			
Personal Income - Withholding	$ 9,864.0	$ 9,847.2	$ (16.8)
Personal Income - Estimates and Finals	4,098.3	4,098.3	-
Sales and Use	5,436.5	5,560.3	123.8
Corporation	1,352.6	1,352.6	-
Pass-through Entity Tax	2,435.6	2,435.6	-
Public Service Corporations	347.5	347.5	-
Inheritance and Estate	200.7	200.7	-
Insurance Companies	384.4	384.4	-
Cigarettes	203.8	203.8	-
Real Estate Conveyance	338.3	368.6	30.3
Alcoholic Beverages	76.6	76.6	-
Admissions and Dues	44.8	44.8	-
Health Provider Tax	121.6	118.9	(2.7)
Miscellaneous	19.9	19.9	-
TOTAL - TAXES	$ 24,924.6	$ 25,059.2	$ 134.6
Less: Refunds of Taxes	(2,073.8)	(2,073.9)	(0.1)
Earned Income Tax Credit	(240.5)	(240.5)	-
R & D Credit Exchange	(14.8)	(14.8)	-
TOTAL - TAXES - NET	$ 22,595.5	$ 22,730.0	$ 134.5
OTHER REVENUE			
Transfers - Special Revenue	$ 381.7	$ 365.5	$ (16.2)
Indian Gaming Payments	380.1	380.1	-
Licenses, Permits, Fees	340.2	340.2	-
Sales of Commodities and Services	18.0	18.0	-
Rents, Fines, Escheats	251.4	251.4	-
Investment Income	236.4	257.5	21.1
Miscellaneous	167.1	167.1	-
Refunds of Payments	(108.9)	(108.9)	-
TOTAL - OTHER REVENUE	$ 1,666.0	$ 1,670.9	$ 4.9
OTHER SOURCES			
Federal Grants	$ 2,211.8	$ 2,211.8	$ -
Transfer from Tobacco Settlement Fund	86.0	86.0	-
Transfers From/(To) Other Funds	306.3	230.5	(75.8)
Transfers to BRF - Volatility Adjustment [2.]	(1,531.4)	(1,531.4)	-
TOTAL - OTHER SOURCES	$ 1,072.7	$ 996.9	$ (75.8)
TOTAL - GENERAL FUND REVENUE	$ 25,334.2	$ 25,397.8	$ 63.6

1. Sec. 278 of P.A. 26-68.

2. The volatility cap for the adopted FY 2027 budget is $5,002.5 million. Total revenue from the Estimates and Finals portion of the Personal Income Tax and the Pass-through Entity Tax that exceeds the volatility cap will be deposited into the Budget Reserve Fund.

Statement 3
September 18, 2026

State of Connecticut - General Fund
General Fund
FY 2027 Appropriation Adjustments - Net Additional Requirements
Projected to June 30, 2027
As of August 31, 2026

Department of Mental Health and Addiction Services	$	15,000,000
Department of Social Services		25,000,000
Department of Correction		3,000,000
Department of Children and Families		4,000,000
State Comptroller - Fringe Benefits		69,000,000
Workers' Compensation Claims - DAS		13,800,000
Total	$	129,800,000

State of Connecticut
General Fund
Estimated FY 2027 Lapses
Projected to June 30, 2027
As of August 31, 2026

Unallocated Lapse	$	73,710,570
Unallocated Lapse - Judicial		5,000,000
Targeted Savings Lapse		15,000,000
Total	$	93,710,570

Statement 5
September 18, 2026

State of Connecticut
FY 2027 General Fund
Monthly Summary of Operations
(In Millions)

	Budget Plan [1.]	July 2026	August 2026	September 2026	October 2026	November 2026	December 2026	January 2027	February 2027	Revised March 2027	April 2027	May 2027	June 2027
REVENUE	$ 25,334.2	$ 25,397.8	$ 25,397.8										
Appropriations	24,968.2	24,981.7	24,981.7										
Additional Requirements	0.0	58.0	129.8										
Less: Estimated Lapses	(93.7)	(93.7)	(93.7)										
TOTAL - Estimated Expenditures	24,874.5	24,946.0	25,017.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Operating Balance	459.7	451.8	380.0										
Misc. Adjustments/Rounding	0.0	0.0	0.0										
Est. Operating Balance - 6/30/27	$459.7	$451.8	$380.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0

1. P.A. 26-68.

State of Connecticut
Special Transportation Fund
Analysis of FY 2027 Budget Plan
Projected to June 30, 2027
As of August 31, 2026
(In Millions)

	General Assembly Budget Plan [1.]	Revised Estimates OPM	Over/ (Under)
Fund Balance as of June 30, 2026		$ 442.7	
Transfer to Reduce Indebtedness [2.]		(8.9)	
REVENUE			
Taxes	$ 1,952.2	$ 1,955.3	$ 3.1
Less: Refunds of Taxes	(10.6)	(10.6)	-
Taxes - Net	$ 1,941.6	$ 1,944.7	$ 3.1
Other Revenue	683.0	677.9	(5.1)
TOTAL - Revenue	$ 2,624.6	$ 2,622.6	$ (2.0)
EXPENDITURES			
Appropriations	$ 2,422.0	$ 2,422.0	$ -
Prior Year Appropriations Continued to FY 2027 [3.]		26.3	26.3
TOTAL Initial and Continued Appropriations	$ 2,422.0	$ 2,448.3	$ 26.3
Appropriation Adjustments	-	-	-
TOTAL Adjusted Appropriations	$ 2,422.0	$ 2,448.3	$ 26.3
Net Additional Expenditure Requirements		3.0	3.0
Estimated Appropriations Lapsed	(12.0)	(12.0)	-
Estimated Appropriations to be Continued to FY 2028 [3.]		-	-
TOTAL Estimated Expenditures	$ 2,410.0	$ 2,439.3	$ 29.3
Net Change in Fund Balance - Continuing Appropriations		(26.3)	(26.3)
Miscellaneous Adjustments/Rounding		-	-
Net Change in Unassigned Fund Balance - FY 2027	**$ 214.6**	**$ 209.6**	**$ (5.0)**
Estimated Fund Balance - June 30, 2027		$ 643.4	

1. P.A.26-68. Note that CGS Sec. 2-33c limits appropriations to 98.75% of Special Transportation Fund revenue. As a result, $32.8 million of the budgeted surplus is due to this limitation.
2. C.G.S. 13b-68 provides for the portion of the STF fund balance that exceeds 18% of current-year appropriations to be transferred to reduce STO indebtedness. Actual transfer amount will be determined by Treasurer.
3. CGS Sec. 4-89 and other statutory provisions.

Statement 2T
September 18, 2026

State of Connecticut
Special Transportation Fund
FY 2027 Revenue Estimates
Projected to June 30, 2027
As of August 31, 2026
(In Millions)

	General Assembly Budget Plan [1.]	Revised Estimates OPM	Over/ (Under)
TAXES			
Motor Fuels	$ 504.5	$ 504.5	$ -
Oil Companies	358.4	358.4	-
Sales & Use Tax	916.8	919.9	3.1
Sales Tax DMV	110.8	110.8	-
Highway Use	61.7	61.7	-
TOTAL - TAXES	$ 1,952.2	$ 1,955.3	$ 3.1
Less: Refunds of Taxes	(10.6)	(10.6)	-
TOTAL - TAXES - NET	$ 1,941.6	$ 1,944.7	$ 3.1
OTHER REVENUE			
Motor Vehicle Receipts	$ 272.3	$ 272.3	$ -
Licenses, Permits, Fees	141.1	136.0	(5.1)
Interest Income	64.4	64.4	-
Federal Grants	-	-	-
Transfers (To)/From Other Funds	217.5	217.5	-
Refunds of Payments	(12.3)	(12.3)	-
TOTAL - OTHER REVENUE	$ 683.0	$ 677.9	$ (5.1)
TOTAL - SPECIAL TRANSPORTATION FUND REVENUE	$ 2,624.6	$ 2,622.6	$ (2.0)

1. Sec. 279 of P.A. 26-68.

Statement 3T
September 18, 2026

State of Connecticut
Special Transportation Fund
FY 2027 Appropriation Adjustments - Net Additional Requirements
Projected to June 30, 2027
As of August 31, 2026

State Comptroller - Fringe Benefits	$	3,000,000
Total	$	3,000,000

Statement 4T
September 18, 2026

State of Connecticut
Special Transportation Fund
FY 2027 Estimated Lapses
Projected to June 30, 2027
As of August 31, 2026

Unallocated Lapse	$	12,000,000
Total	$	12,000,000

Statement 5T
September 18, 2026

State of Connecticut
FY 2027 Special Transportation Fund
Monthly Summary of Operations
(In Millions)

	Budget Plan [1.]	July 2026	August 2026	September 2026	October 2026	November 2026	December 2026	January 2027	February 2027	Revised March 2027	April 2027	May 2027	June 2027
Beginning Balance [2.]	$ 433.8	$ 433.8	$ 433.8										
Revenue	2,624.6	2,622.6	2,622.6										
Total Available	3,058.4	3,056.4	3,056.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Appropriations	2,422.0	2,422.0	2,422.0										
Additional Requirements	0.0	3.0	3.0										
Less: Estimated Lapses	(12.0)	(12.0)	(12.0)										
TOTAL - Estimated Expenditures	2,410.0	2,413.0	2,413.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Operating Balance	214.6	209.6	209.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-	-
Misc. Adjustments/Rounding	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Estimated Operating Balance 6/30/27	$648.4	$643.4	$643.4	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0

1. P.A. 26-68.
2 Estimated by the Office of Policy and Management after transfer to reduce STO indebtedness pursuant to C.G.S. 13b-68.