



# Office of Fiscal Analysis

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FY 26 DEFICIENT AGENCIES

January 28, 2026

As of January 28, 2026, the Office of Fiscal Analysis is projecting **\$268.86 million** in state agency General Fund shortfalls. The following table reflects the level of funding that is anticipated to be needed by various agencies from the General Fund this fiscal year.

## FY 26 General Fund Estimated Deficiency Needs

In Millions of Dollars

| Agency   | Deficiency \$ |
|--|---------------|
| Department of Social Services                          | 82.7          |
| State Comptroller - Fringe Benefits                    | 31.6          |
| Unallocated Lapse and Bottom Line Adjustments          | 31.4          |
| State Comptroller - Miscellaneous                      | 30.0          |
| Department of Correction                               | 20.9          |
| Workers' Compensation Claims - Administrative Services | 18.0          |
| Department of Housing                                  | 14.5          |
| Judicial Department                                    | 13.6          |
| Department of Emergency Services and Public Protection | 9.06          |
| Connecticut Technical Education and Career System      | 6.7           |
| Department of Mental Health and Addiction Services     | 6.2           |
| Office of Early Childhood                              | 2.3           |
| Department of Veterans' Affairs                        | 0.7           |
| Department of Public Health                            | 0.6           |
| Labor Department                                       | 0.5           |
| Division of Criminal Justice                           | 0.1           |
| <b>TOTAL</b>   | <b>268.86</b> |

A description of each deficiency is provided below.

### Department of Social Services - \$82.7 million

A projected deficiency of \$82.7 million reflects the impact of shortfalls in several accounts totaling \$103.4 million that are partially offset by lapses totaling \$20.7 million. The Medicaid shortfall (\$90 million) reflects continued expenditure growth above budgeted costs in various service categories (including net pharmacy costs, home and community based services, and durable medical equipment). The shortfalls in Old Age Assistance (\$6.2 million), Aid to the Disabled (\$3 million), Aid to the Blind (\$200,000), and the Connecticut Home Care Program (\$4 million) reflect higher costs per case. The lapses in Temporary Family Assistance (\$16 million) State Administered General Assistance (\$3.1 million) and HUSKY B (\$1.6 million) are primarily due to lower than budgeted caseload levels.

### **Office of the State Comptroller - Fringe Benefits - \$ 31.6 million**

A projected \$31.6 million deficiency is due to shortfalls in two accounts which are partially offset by lapses. The anticipated deficiencies are: (1) \$46.2 million in the State Employee Health Service Costs; and (2) \$38.3 million in Retired State Employees Health Service Costs. These deficiencies are partially offset by lapses in the following accounts: \$45 million in Higher Education Alternative Retirement (ARP); \$5.3 million in Employers Social Security Tax; \$1 million in Other Post Employment Benefits; \$1 million in SERS Defined Contribution Match; \$300,000 in Insurance - Group Life; \$200,000 in Pensions and Retirements - Other Statutory; and 128,000 in Unemployment Compensation.

### **Office of the State Comptroller - Adjudicated Claims - \$30 million**

There is a projected deficiency of \$30 million. No FY 26 appropriation was made for this account. Through January 22, approximately \$17.7 million has been expended. There are several potential claims against the state awaiting action.

### **Department of Correction - \$20.9 million**

There is projected net deficiency of \$20.9 million comprised of line-item deficiencies of \$10.6 million in Other Expenses, \$7.6 million in Personal Services, and \$6.0 million in Inmate Medical Services, which are partially offset by projected lapses of \$3.0 million in Community Support Services and \$300,000 in Board of Pardons and Paroles.

The department continues to see upward trends in costs for utilities, food, pharmaceutical and medical supplies, and other consumables, which drives the deficiencies in Inmate Medical Services and Other Expenses. The Personal Services deficiency is primarily due to overtime expenses trending 15% higher than the prior fiscal year over the same period.

Additionally, FY 25 shortfalls in these accounts were not fully annualized by the FY 26 and FY 27 Budget.

### **Department of Housing - \$14.5 million**

A projected deficiency of \$14.5 million reflects the impact of a shortfall in the Housing/Homeless Services account due to (1) increased rents associated with the Rental Assistance Program (RAP) (\$10 million) and (2) an unbudgeted program for cold weather services (\$4.5 million).

Total expenditures in this account have increased significantly in recent years. In FY 25, expenditures in this account totaled approximately \$106 million. Expenditures were \$98 million in FY 24, \$91.5 million in FY 23, and \$80.5 million in FY 22.

### **Judicial Department - \$13.6 million**

There is a projected net deficiency of \$13.6 million comprised of deficiencies of \$12.3 million in Personal Services and \$1.3 million in Other Expenses. The Personal Services deficiency is primarily due to wage agreements for annual increases and cost of living adjustments that were not included in the FY 26 and FY 27 Budget. The Other Expenses deficiency is mainly due to increased utility and premises maintenance costs.

This agency has a Personal Services holdback of \$1,871,496 that contributes to the agency deficiency.

#### **Department of Emergency Services and Public Protection - \$9.06 million**

A projected deficiency of \$9.06 million includes an estimated \$8 million in Personal Services, \$1 million in Other Expenses, and \$60,000 in the Connecticut State Firefighter's Association account. The Personal Services deficiency is due to several factors. The agency has an additional 47 full time General Fund positions on board compared to the same time last year (1,458 vs. 1,411) and overtime costs are up 6.5% over the same period. Additionally, the FY 26 and FY 27 Budget reduced funding in Personal Services to reflect anticipated savings from various efficiency strategies which have not yet materialized. Various items within Other Expenses are contributing to the expected deficiency and the Connecticut State Firefighter's Association deficiency is a result of benefit payments exceeding available appropriations.

#### **Connecticut Technical Education and Career System - \$6.7 million**

A deficiency of \$6.7 million is projected in the Other Expenses account due to higher than budgeted expenditures. CTECS' special education and utilities expenditures have increased significantly in recent years.

#### **Department of Mental Health and Addiction Services - \$6.2 million**

A projected deficiency of \$6.2 million reflects an overall shortfall of \$7.2 million, which is partially offset by lapsing funds of approximately \$1 million. The Personal Services shortfall (\$6 million) is the result of higher than budgeted staff and overtime costs. The Behavioral Health Medications shortfall (\$1.2 million) reflects continued increased utilization and costs. The lapse in Housing Supports and Services (\$1 million) is primarily due to an increase in available funds after a transfer per SA 25-1, NSS and the \$15,598 lapse under Katie Blair House reflects the termination of the contract, as requested by the entity.

#### **Office of Early Childhood - \$2.3 million**

The Birth to Three account is projecting a \$2.5 million deficiency, driven primarily by an increase in program referrals. Since FY21, annual referrals have grown from 8,695 to 13,001 – an average annual increase of 11%. This shortfall is partially offset by a \$160,000 surplus in the 2Gen-TANF account, which resulted from one-time funding for a program that is no longer authorized for FY26.

**Department of Veterans Affairs- \$700,000**

A projected deficiency of \$1,000,000 in the Other Expenses account is due to rising costs related to the department's skilled nursing facility. This deficiency is partially offset due to projected lapses in the Veterans Opportunity Pilot (\$150,000) and Headstones (\$150,000) accounts.

**Department of Public Health - \$600,000**

A projected deficiency of approximately \$600,000 in Other Expenses reflects increases in the costs of lab supplies, utilities, and property management related to public laboratory services.

**Department of Labor - \$500,000**

There is a projected deficiency of \$500,000 in the Other Expenses account, which is primarily due to anticipated overhead and IT consultant cost increases.

**Division of Criminal Justice - \$100,000**

A projected deficiency of \$100,000 reflects the impact of a shortfall in Witness Protection which is due to increased costs. In FY 25, about \$315,000 was spent from this account while the FY 26 appropriation to this account is \$200,000.