

# OFFICE OF FISCAL ANALYSIS

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## EMERGENCY CERTIFICATION

HB-8003

AN ACT CONCERNING TEMPORARY ADJUSTMENTS TO THE  
BUDGET RESERVE FUND AND APPROPRIATING FUNDS TO  
ADDRESS REDUCTIONS IN FEDERAL FUNDING.

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### ***OFA Fiscal Note***

#### ***State Impact:***

Agency Affected	Fund-Effect	FY 26 \$	FY 27 \$
Resources of the Budget Reserve Fund	Budget Reserve Fund - Transfer from	500 million	None
Policy & Mgmt., Off.	Budget Reserve Fund - Transfer to	500 million	None
State Comptroller - Fringe Benefits; Teachers' Retirement Bd.	Various - Precludes Savings	None	41.5 million

Note: Various=Various

***Municipal Impact:*** None

#### ***Explanation***

The bill redirects \$500 million surplus funds that would otherwise be deposited into the state pension systems to be temporarily appropriated to the Office of Policy and Management (OPM) for the purpose of mitigating any reduction in federal funding to certain programs.<sup>1</sup> This

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<sup>1</sup> Under current law, the Budget Reserve Fund (BRF) excess is subject to statutory requirements including being transferred towards paying down long-term debts such as the state employee retirement system (SERS) and teachers' retirement system (TRS). Transfers to the pension systems are amortized over 25 years and reduce the state's ADEC two years after the surplus year. Actual reductions to the ADEC are determined

transfer precludes savings of approximately \$41.5 million annually beginning in FY 27 to the state's actuarially determined employer contribution (ADEC) beginning in FY 27 and continuing for 25 years.

### ***Spending Cap***

Per the Governor's November 12, 2025, Declaration of the Existence of Extraordinary Circumstances, any appropriations up to \$500 million in excess of the spending cap resulting from the bill are authorized in the current fiscal year (FY 26) but are not included in the FY 27 calculation base.

### ***The Out Years***

In the event there are remaining funds deemed appropriated to OPM, and the Budget Reserve Fund has reached its statutory cap, such funds will be deposited to the state pension systems at the close of FY 26 and result in marginal reductions to the state's ADEC for TRS and SERS beginning in FY 28 and continuing for 25 years.

*The preceding Fiscal Impact statement is prepared for the benefit of the members of the General Assembly, solely for the purposes of information, summarization and explanation and does not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.*

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in the annual actuarial valuation for each system and are subject to multiple factors both investment and non-investment related.