



Senate

General Assembly

File No. 699

February Session, 2026

Substitute Senate Bill No. 514

Senate, April 20, 2026

The Committee on Finance, Revenue and Bonding reported through SEN. FONFARA of the 1st Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

AN ACT CONCERNING COMMUNITY PARTNERSHIP OPPORTUNITY AGREEMENTS.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

- 1 Section 1. (NEW) (*Effective from passage*) (a) As used in this section:
- 2 (1) "Certified community development corporation" has the same
3 meaning as provided in section 32-7s of the general statutes;
- 4 (2) "Community partnership opportunity agreement" means a
5 written agreement entered into pursuant to this section among the
6 Department of Economic and Community Development, participating
7 investors, certified community development corporations and
8 implementing organizations and independent evaluators to implement
9 the provisions of this section;
- 10 (3) "Early childhood implementing organization" means any school
11 or for-profit or nonprofit organization, with the professional capacity to
12 provide preschool or early childhood instruction designed to increase

13 kindergarten-readiness;

14 (4) "Implementing organization" means an early childhood
15 implementing organization, a literacy implementing organization or a
16 workforce implementing organization, as applicable, that is responsible
17 for delivering services or interventions to achieve the performance
18 metrics set forth in a community opportunity partnership agreement;

19 (5) "Independent evaluator" means an individual or entity that is
20 responsible for measuring performance metrics and progress milestones
21 using methodologies set forth in a community opportunity partnership
22 agreement and verifying that such metrics and milestones have been
23 met and (A) is an academic institution, a professional evaluative
24 consultant or an organization with a documented history of verifying
25 performance-based program outcomes, (B) possesses expertise in the
26 specific subject matter of the community opportunity partnership
27 agreement, including educational assessment metrics or workforce
28 development metrics or both, and (C) has no financial interest in the
29 outcome of the agreement other than the fee for evaluation services;

30 (6) "Literacy implementing organization" means any school or for-
31 profit or nonprofit organization, with the professional capacity to
32 provide intensive tutoring or reading interventions designed to ensure
33 grade-level reading proficiency by grade three;

34 (7) "Participating investor" means a private, philanthropic or mission-
35 driven investor that provides the necessary capital to fund the initiatives
36 set forth in a community opportunity partnership agreement; and

37 (8) "Workforce implementing organization" means an institution of
38 higher education or a for-profit or nonprofit organization, with the
39 capacity to provide training in specialized skills, such as in health care,
40 manufacturing or other high-demand fields.

41 (b) (1) There is established a program under which the Department
42 of Economic and Community Development shall enter into community
43 partnership opportunity agreements to expand, in communities in the

44 state that are experiencing persistent economic disadvantages, (A)
45 educational achievement, pursuant to an educational outcome
46 community partnership opportunity agreement, or (B) workforce skills,
47 pursuant to a workforce outcome community partnership opportunity
48 agreement, or both. Upon verification by the independent evaluator that
49 all the performance metrics set forth in the community partnership
50 opportunity agreement have been met, each participating investor shall
51 receive a repayment of the amount of invested capital, plus a
52 performance-based premium in accordance with the terms of the
53 community partnership opportunity agreement.

54 (2) Each community partnership opportunity agreement shall
55 include, at a minimum:

56 (A) A five-year performance period from the date such agreement is
57 executed that includes an implementation period during which
58 interventions are delivered, an outcome measurement period during
59 which performance metrics are evaluated by an independent evaluator
60 and the timing of baseline and performance progress measurements;

61 (B) Performance metrics and progress milestones, evaluation
62 methodologies to measure such metrics and milestones and the timing
63 of the conduct of evaluations;

64 (C) The participating investors and the amount of capital committed
65 by such investors;

66 (D) The certified community development corporation that will serve
67 as the coordinator of the initiatives undertaken to achieve the
68 performance metrics and progress milestones and the fee for such
69 services;

70 (E) The implementing organization or organizations that will carry
71 out such initiatives and the fee for such services;

72 (F) The independent evaluator that will conduct evaluations of
73 performance metrics and progress milestones and verify that the
74 performance metrics have been met and the fee for such services; and

75 (G) A success payment contract that sets forth a schedule of success
76 payments to participating investors, contingent on achievement of the
77 performance metrics set forth in the agreement, including repayment of
78 the amount of invested capital, a performance-based premium on such
79 amount and the maximum success payment obligation under the
80 agreement. Success payments shall be recognition of the acquisition of
81 a high-yield economic asset upon the achievement of the performance
82 metrics and of the projected lifetime value of such achievements to the
83 state. Any success payment shall be made by the Commissioner of
84 Economic and Community Development as an authorized capital
85 expenditure.

86 (3) In addition to the requirements set forth in subdivision (2) of this
87 subsection:

88 (A) An education outcome community partnership opportunity
89 agreement shall focus on achieving measurable improvements in
90 kindergarten-readiness and grade three reading proficiency for children
91 residing in the community serviced by the certified community
92 development corporation. Such agreement shall include (i) for
93 kindergarten-readiness, performance metrics based on an increase in
94 the percentage of such children who meet the state's standard for
95 kindergarten-readiness upon enrollment, and (ii) for grade three
96 literacy-proficiency, performance metrics based on an increase in the
97 percentage of such children, regardless of the specific school attended,
98 who achieve grade-level reading proficiency by grade three; and

99 (B) A workforce outcome community partnership opportunity
100 agreement shall focus on increasing workforce skills attainment and
101 career-linked employment for working-age residents of the community
102 serviced by the certified community development corporation. Such
103 agreement shall include performance metrics such as industry-
104 recognized credential attainment and placement in career-path
105 employment with specific wage and retention milestones.

106 (4) Any community partnership opportunity agreement executed
107 pursuant to this section may be amended only by written agreement by

108 all parties to the community partnership opportunity agreement.

109 (c) (1) Each certified community development corporation shall
110 submit a proposal to the Commissioner of Economic and Community
111 Development to enter into a community partnership opportunity
112 agreement. The commissioner shall assist the certified community
113 development corporation in the preparation of such proposal, which
114 shall include the names and contact information of the other parties
115 required for a community partnership opportunity agreement and
116 sufficient information to demonstrate the following to the
117 commissioner's satisfaction:

118 (A) The implementing organizations possess the necessary
119 experience in delivering evidence-based interventions in early
120 childhood education, literacy or workforce development, as applicable,
121 in distressed municipalities, as defined in section 32-9p of the general
122 statutes;

123 (B) The proposed intervention model is designed to reach a minimum
124 participation threshold of not less than (i) twenty per cent of children
125 grade three and younger residing in the community serviced by the
126 certified community development corporation, and (ii) twenty per cent
127 of the working-age residents of such community;

128 (C) The proposed intervention model demonstrates a reasonable
129 probability of achieving the applicable agreed-upon performance
130 metrics;

131 (D) Verified commitments of sufficient capital from participating
132 investors to fund the full five-year duration of the performance period
133 without reliance on state appropriations; and

134 (E) The proposed outcomes for kindergarten-readiness, grade three
135 literacy and workforce employment are clearly linked to the
136 longitudinal success of the resident populations in the community
137 serviced by the certified community development corporation.

138 (2) If the commissioner finds that the proposal meets the criteria set

139 forth in subdivision (1) of this subsection, the commissioner shall
140 execute a community partnership opportunity agreement not later than
141 ninety days after the commissioner receives the proposal. If the
142 commissioner determines such requirements have not been met, the
143 commissioner shall provide a written notice to the person submitting
144 the proposal, identifying the specific requirements that were not met.

145 (d) Upon the execution of a community partnership opportunity
146 agreement, the certified community development corporation may do
147 all things necessary to meet the performance metrics and progress
148 milestones set forth in the agreement, including, but not limited to,
149 collaborating with the implementing organization, independent
150 evaluator and state agencies to measure achievement of such metrics
151 and milestones; collaborating with early childhood education providers,
152 schools and other educational institutions, employers, workforce
153 development organizations and any other entities necessary to help
154 achieve such metrics and milestones; and engaging with participating
155 investors.

156 (e) There is established an account to be known as the "community
157 partnership opportunity account", which shall be a separate, nonlapsing
158 account. The account shall contain any moneys required by law to be
159 deposited in the account. Moneys in the account shall be expended by
160 the Commissioner of Economic and Community Development for the
161 purposes of making payments for the necessary expenses related to the
162 initiatives implemented to achieve the performance metrics and
163 progress milestones set forth in a community opportunity partnership
164 agreement and evaluation of such metrics and milestones and making
165 success payments in accordance with the provisions of a community
166 opportunity partnership agreement. Any moneys provided by a
167 participating investor pursuant to a community opportunity
168 partnership program under this section shall be deposited in the
169 account. The Treasurer shall invest the moneys in the account, subject
170 to use for purposes of the program.

171 (f) The commissioner shall submit a report, in accordance with the

172 provisions of section 11-4a of the general statutes, to the joint standing
 173 committees of the General Assembly having cognizance of matters
 174 relating to commerce and finance, revenue and bonding for each
 175 community opportunity partnership agreement executed. Such report
 176 shall be submitted for each year of the five-year period of the agreement,
 177 describing the results of any performance metrics or performance
 178 progress evaluations conducted in such year and a summary by the
 179 certified community development corporation of the initiatives
 180 undertaken in such year.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	New section

Statement of Legislative Commissioners:

In Subsec. (a)(1), "32-7z" was changed to "32-7s" for accuracy; in Subsec. (b)(1), "participation investor" was changed to "participating investor" for accuracy; and in Subsec. (b)(3)(A), "literacy-readiness" was changed to "literacy-proficiency" for accuracy.

FIN *Joint Favorable Subst. -LCO*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do 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.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 27 \$	FY 28 \$
Department of Economic & Community Development	GF - Cost	103,000	103,000
State Comptroller - Fringe Benefits ¹	GF - Cost	43,100	43,100
Department of Economic & Community Development	Community partnership opportunity account - Revenue Gain/Cost	Potential	Potential

Note: GF=General Fund

Municipal Impact: None

Explanation

The bill results in a cost of \$146,100 in FY 27 and annually thereafter by creating a community partnership opportunity program under the Department of Economic and Community Development (DECD). It is anticipated that DECD will require one full-time community development specialist at an annualized cost of \$103,000 in salary and \$43,100 in fringe benefits to administer the program.

The bill also results in a potential revenue gain and potential cost by creating a "community partnership opportunity" account. The revenue gain includes the funding received from participating investors in the

¹The fringe benefit costs for most state employees are budgeted centrally in accounts administered by the Comptroller. The estimated active employee fringe benefit cost associated with most personnel changes is 41.82% of payroll in FY 27.

program which, under the bill, is deposited into the account. The bill also requires the state treasurer to invest those funds in the account for use in the program.

The revenues in the account are to be used to finance the costs associated with the program including: (1) implementing the specified initiatives, (2) evaluating their performance, and (3) making the success payments.

The actual fiscal impact will be contingent on the number of agreements and specifics within the agreement.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to the number and specifics within each community partnership opportunity agreement.

OLR Bill Analysis**sSB 514****AN ACT CONCERNING COMMUNITY PARTNERSHIP OPPORTUNITY AGREEMENTS.****SUMMARY**

This bill creates a program within the Department of Economic and Community Development (DECD) designed to increase educational achievement and workforce skills in communities experiencing persistent economic disadvantages through partnerships between DECD and specified stakeholders (participating investors, certified community development corporations (CDCs, see BACKGROUND), service providers, and independent evaluators). These partnerships are commonly referred to as social impact bonds.

Under the bill, DECD and these stakeholders must enter into “community partnership opportunity agreements” under which participating investors commit capital to fund specified education and workforce development programs offered by eligible service providers. The programs are tied to specific performance outcomes over a five-year period and their progress must be measured by an independent evaluator. If the programs achieve the performance metrics outlined in the agreement, investors are repaid their investment plus a performance-based premium, in the form of a “success payment” from DECD.

Under the bill, a community partnership opportunity agreement must first be proposed by a certified CDC and then approved by DECD if it meets the bill’s criteria. The bill sets specific requirements for these agreements, including that they have (1) a five-year performance period; (2) performance metrics, progress milestones, and evaluation methodologies; and (3) a success payment contract.

The bill also establishes the community partnership opportunity account as a separate, nonlapsing account to hold any moneys the law requires to be deposited in it. Under the bill, any funds participating investors provide must be deposited in the account. DECD must use the account to fund the program and specifically to pay for (1) implementing the specified initiatives, (2) evaluating their performance, and (3) making the success payments. The state treasurer must invest the moneys in the account subject to use for the program's purposes.

Lastly, the DECD commissioner must annually report to the Finance, Revenue and Bonding Committee on each of these agreements, for each year of the agreement's five-year period. For each year, the reports must describe the results of any performance metrics or progress evaluations done and summarize the certified CDC's initiatives.

EFFECTIVE DATE: Upon passage

COMMUNITY PARTNERSHIP OPPORTUNITY AGREEMENTS

Required Components for All Agreements

Under the bill, the community partnership opportunity agreements must at least include the following:

1. a five-year performance period that begins when the agreement is executed and includes (a) specified periods for delivering services and measuring outcomes and (b) when baseline performance and progress is measured;
2. performance metrics and progress milestones, including how and when they are evaluated;
3. participating investors, which can include private, philanthropic, or mission-driven investors, and their capital commitment;
4. the certified CDC that will coordinate the agreement's initiatives to achieve its specified performance metrics and progress milestones, and the fee for these services;
5. the implementing organization, as described below, and the fee

for its services;

6. the independent evaluator, which will evaluate the performance metrics and progress milestones and verify that they have been met, and the fee for its services; and
7. a success payment contract, as described below.

Any amendments to these agreements must be agreed to, in writing, by all the parties.

Requirements for Education Outcome Agreements

These agreements must focus on achieving measurable improvements in kindergarten-readiness and grade-three reading proficiency for children living in the community the certified CDC serves. They must include performance metrics for:

1. kindergarten-readiness that are based on increasing the percentage of these children who meet the state's standard for kindergarten-readiness at enrollment and
2. grade three literacy proficiency that are based on increasing the percentage of these children achieving grade-level reading proficiency by grade three, regardless of which school they attend.

Requirements for Workforce Outcome Agreements

These agreements must focus on increasing workforce skills attainment and career-linked employment for working-age people living in the community the certified CDC serves. They must include performance metrics like industry-recognized credential attainment and placement in career-path jobs with specific wage and retention milestones.

Implementing Organizations

Under the bill, implementing organizations are responsible for delivering the services or interventions to achieve the community partnership agreement's performance metrics. They can be one of three

types:

1. an “early childhood implementing organization,” which is any school or for-profit or nonprofit organization with the professional capacity to provide preschool or early childhood instruction designed to increase kindergarten-readiness;
2. a “literacy implementing organization,” which is any school, for-profit, or nonprofit organization with the professional capacity to provide intensive tutoring or reading interventions for ensuring grade-level reading proficiency by grade three; or
3. a “workforce implementing organization,” which is a higher education institution or for-profit or nonprofit organization capable of providing training in specialized skills, such as health care, manufacturing, or other high-demand fields.

Independent Evaluator

An “independent evaluator” is the person or entity responsible for measuring performance metrics and progress milestones using the methods laid out in the agreement and verifying that they have been met. It may be an academic institution, professional consultant, or organization with a documented history of verifying performance-based program outcomes. It must have expertise in the agreement’s specific subject matter and may not have a financial interest in the agreement’s outcome, other than the fee for its evaluation services.

Success Payment Contract

The agreement’s success payment contract must establish a schedule of success payments to participating investors that are contingent on the agreement achieving its performance metrics. The schedule must include the repayment of the investors’ capital, a performance-based premium on that amount, and the maximum success payment obligation. The bill specifies that these payments are to recognize the (1) acquisition of a high-yield economic asset once the performance metrics are achieved and (2) projected lifetime value of these achievements to the state.

Under the bill, the DECD commissioner must make these payments as authorized capital expenditures. The legal effect of this provision is unclear.

PROPOSALS

The bill requires each certified CDC to submit a proposal to the DECD commissioner to enter into a community partnership opportunity agreement that includes the names and contact information of the agreement's other required stakeholders. The commissioner must help the CDC prepare the proposal.

The proposal must include enough information to demonstrate, to the commissioner's satisfaction, that:

1. the implementing organizations have the necessary experience in delivering the applicable evidence-based interventions in distressed municipalities (see BACKGROUND);
2. the proposed intervention model is designed to reach at least 20% of the people living in the community the certified CDC serves that are (a) children grade three or younger or (b) working-age residents;
3. the proposed intervention model demonstrates a reasonable probability of achieving the applicable performance metrics;
4. participating investors have made verified commitments of enough capital to fund the full five-years of the agreement's performance period without relying on state appropriations; and
5. the proposed outcomes are clearly linked to the longitudinal success of the people living in the community.

The commissioner must execute the agreement within 90 days after receiving the proposal if he finds that it meets the bill's criteria. If he determines that it does not meet these criteria, he must notify the person who submitted the proposal in writing and identify the unmet requirements.

Once an agreement is executed, the certified CDC may do anything necessary to meet its performance metrics and progress milestones. This may include (1) collaborating with the implementing organization, independent evaluator, and state agencies to measure these metrics and milestones; (2) collaborating with other entities (such as early childhood education providers, schools, employers, and workforce development organizations) needed to help achieve the metrics and milestones; and (3) engaging with participating investors.

BACKGROUND

CDC Certification Process and Grant Eligibility

Existing law allows nonprofits that meet certain eligibility requirements to become certified CDCs by applying to DECD's Office of Community Economic Development Assistance (OCEDA). To date, DECD has certified one CDC under this program, the Clay Arsenal CDC.

To be a certified CDC, the nonprofit must:

1. focus a substantial majority of its efforts on serving one or more target areas, as described below,
2. have the purpose of engaging and working with local residents and businesses on community development efforts to sustainably develop and improve urban communities in a way that creates and expands economic opportunities for low- and moderate-income people, and
3. show OCEDA that its constituency is meaningfully represented on its board in specified ways.

A "target area" is a contiguous geographic area in which the (1) current unemployment rate exceeds the state's by at least 25% or (2) mean household income is 80% or less of the state's in the most recent decennial census. OCEDA must identify the eligible target areas and post them on DECD's website.

Distressed Municipalities

DECD annually ranks municipalities based on their relative economic and fiscal distress and designates the top 25 as “distressed municipalities.” Most recently, in 2025, DECD designated the following municipalities as distressed: Bridgeport, Derby, East Hartford, East Haven, Hartford, Killingly, Lisbon, Mansfield, Meriden, New Britain, New London, North Canaan, Norwich, Plainfield, Plymouth, Putnam, Sprague, Stafford, Sterling, Torrington, Waterbury, West Haven, Willington, Winchester, and Windham.

Related Bill

sSB 84, § 33, favorably reported by the Finance, Revenue and Bonding Committee, contains identical provisions.

sSB 307 (File 561), favorably reported by the Commerce Committee, eliminates OCEDA and transfers its responsibilities to DECD.

COMMITTEE ACTION

Finance, Revenue and Bonding Committee

Joint Favorable

Yea 52 Nay 2 (03/30/2026)