

Government Oversight Committee

JOINT FAVORABLE REPORT

Bill No: HB-5039 / [Bill Status](#) / [Public Hearing Testimony](#)

Title: AN ACT REQUIRING TRANSPARENCY AND ADDITIONAL OVERSIGHT OF
THE DISTRIBUTION OF CERTAIN LEGISLATIVELY DIRECTED FUNDS.

Vote Date: 3/17/2026

Vote Action: Joint Favorable

PH Date: 2/24/2026

File No.: 66

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SPONSORS OF BILL:

Governor Lamont

REASONS FOR BILL:

Secs 1-2 require OPM to establish policies and procedures regarding requirements for the administration of legislatively directed funds by state agencies, including the following:

- Require state agencies to only distribute funds to recipients on a reimbursement basis, unless the agency shows a unique circumstance exists and the recipient has demonstrated it has sufficient financial controls.
- Require the recipient to establish an approved plan to utilize such funding, as well as sufficient security protections to ensure safe use and administration of the funds.
- Require the recipient to obtain written approval from the agency of any transfer to a sub-awardee or sub-recipient prior to the transfer of funds.

Each recipient is required to submit an annual report (starting September 1, 2026) to the state agency administering the funds in a form established by OPM. Additionally, each agency is required to submit an annual report (starting November 1, 2026) to OPM regarding any legislatively directed funds administered during the prior fiscal year. Additionally, OPM is required to publish a database on their website (starting January 1, 2027) regarding any legislatively directed funds administered by a state agency over the previous fiscal year.

Sec 3 prohibits state agencies from entering a contract to provide funds to a specific entity at the direction of the general assembly unless a public or special act is passed. This public or special act is required to identify the entity by their name and office address, describe the purpose for the appropriation of funds, and do the same for any sub-awardees or sub-recipients.

RESPONSE FROM ADMINISTRATION/AGENCY:

Governor Ned Lamont:

Governor Lamont respectfully urges the committee to support this bill and thanks the Committee for the opportunity to present testimony. To ensure transparency, the Office of Policy and Management (OPM) will establish policies and procedures regarding administration of legislatively directed funds (LDF) by state agencies. These policies will guide agency procedures for issuing LDFs to their intended recipients, ensuring appropriate use and administration of funds, and providing for annual reporting of these funds with data posted on the OPM website.

Sean Scanlon, State Comptroller:

Comptroller Scanlon agrees with the Governor that it is time the State places guardrails around earmarks to ensure funds are spent as intended by the General Assembly. He supports the measures outlined in the bill that would safeguard the funds provided to organizations serving our communities. Requiring legislation to outline the intent and objectives of earmarks will provide organizations and state agencies responsible for oversight guidance on how to administer the funds and give the General Assembly and the public an ability to grade outcomes, requiring recipients receive written permission before providing subawards to other organizations will improve controls and transparency into how state funds are spent.

Joshua Wojcik, Acting Secretary, Office of Policy and Management:

Secretary Wojcik feels this policy will move the State toward a consistent and uniform approach in agency administration of legislatively directed funds (LDFs); compliance with state and federal requirements; application of best practices; clear communication amongst all involved parties; and minimize risks to the administration of LDFs. This policy will move the State toward a consistent and uniform approach in agency administration of LDFs; compliance with state and federal requirements; application of best practices; clear communication amongst all involved parties; and minimize risks to the administration of LDFs.

NATURE AND SOURCES OF SUPPORT:

John L. Cattelan, Vice-President Government Relations, Connecticut Alliance of YMCAs:

Supports this bill and feels this oversight reflects the YMCA's long-standing commitment to integrity, accountability, and public trust. He believes these principles are essential not only to maintaining confidence in our organization, but also to ensure that State's investments generate meaningful returns for children, families, and communities throughout Connecticut.

Rob Sampson, State Senator, 16th District:

Remains committed to genuine reform that restores integrity and confidence in state government and is ready to work with anyone who is serious about restoring confidence in our state government through real oversight and better practices.

Ben Shaiken, Director of Public Policy & Advocacy, CT Community Nonprofit Alliance:

Mr Shaiken feels that while the legislature plays a vital role in the state's health and human service system by appropriating the funding necessary for its operation, community nonprofit organizations that provide those services do so under competitively bid contracts with multiple state agencies, not through legislatively-directed funding. Those contracts come with stringent fiscal and programmatic reporting requirements, which community nonprofits follow and state agencies enforce.

Connecticut's community nonprofits, many of whom make up the state's health and human services delivery system, support transparency and oversight into how the state allocates its limited resources.

NATURE AND SOURCES OF OPPOSITION:

None

**Reported by: Clerk- Greg Wolff
Assistant Clerk- Mike Hamann**

Date: 3/19/26