

GENERAL LETTER 2026-01

To: Agency Heads, Chief Fiscal Officers, Contracting Staff

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

Subject: Legislatively Directed Funds Administration Policy

Date: January 20, 2026

1. **Purpose.** This General Letter establishes a standardized, statewide framework for administering Legislatively Directed Funds (“LDFs”), also known as “earmarks.” This policy is intended to achieve the following results:
 - a. Consistent and uniform approach in state agency administration of LDFs;
 - b. Compliance with state and federal requirements;
 - c. Application of best practices;
 - d. Facilitation of clear and necessary communication amongst all involved parties; and
 - e. Minimize risks to the administration of LDFs.
2. **Effective Date.** This policy applies to all LDF grants and contracts entered into on and after February 1, 2026.
3. **Scope.** This policy applies to all executive branch state agencies that are involved in administering LDFs.
4. **Legislatively Directed Funds Definition.** Legislatively directed funds—a/k/a “earmarks”—are specific amounts directed by the legislature to specific organizations, often identifying specific purposes for which the funds have been provided. LDFs are typically identified in one of two ways:
 - a. In legislation, usually in “back of the act” language or tables, identifying specific amounts for specific organizations; or
 - b. In correspondence from the legislature, including the budget book published by the General Assembly’s Office of Fiscal Analysis with narrative explaining legislative intent regarding certain appropriations or appropriation revisions.

LDFs do not include appropriations made through a formula-driven or competitive award process.

5. **Policy Overview.**

- a. **General Requirements:** In order to administer LDFs, certain information is needed. If this information is not specified in the Public Act, agencies shall request the following information from legislative leadership (copy OPM budget analyst on these communications), to be provided in writing:
 - i. The legislative intent of the LDF, including whether sub-awards are intended or permitted.
 - ii. The official name of the intended recipient and its principal office address.
 1. If the intended recipient will conduct the program or project from an office other than its principal office, the physical address of such office(s).
 - iii. The official name(s) of any sub-awardee(s), if applicable, and their principal office addresses.
 1. If the sub-awardee(s) will conduct the program or project from an office other than their principal office(s), the physical address(es) of such office(s).

- b. Intake Process: Agencies shall utilize best practices to document information about the recipient for state agency review. This shall include information on any sub-awardee(s), if the primary recipient is allowed to sub-award. Sub-awardees must also be vetted by the state agency by completing an intake form. The intake process will include, at a minimum:
 - i. General information from the recipient;
 - ii. Description of the project or intended use of the LDF;
 - iii. Budget for use of the LDF;
 - iv. Organization documentation;
 - v. Risk assessment; and
 - vi. Any other information that the state agency deems necessary to carry out the intent of the LDF.
- c. Internal Review and Approval Process: Agencies shall use best practices to conduct an internal review and approval process, which shall include validation by the appropriate agency fiscal office and management. Upon approval, depending upon the agency's current approval practice, a final grant award letter or an executed contract shall be sent to the recipient.
 - i. State Agencies may withhold LDF if the recipient or sub-awardee: fails to provide the required documentation; fails to comply with policies related to administering the LDF; fails risk assessment; or fails to adhere to federal or state laws.
 - ii. If an LDF recipient is not approved, please notify your assigned OPM budget analyst.
- d. Funds Disbursement Process: Agencies shall use best practices to disburse the LDF.
 - i. Standard process is for payment to be made on an invoice basis. The Agency shall document if any process other than invoicing is used to disburse funds.
- e. Best Practices: Program LDF Guidelines and Best Practices are found at OPM's Office of Finance's [Financial Management/General Policies page](#).

Questions about this policy should be directed to the OPM Office of Finance at EFO.OMP@ct.gov.

LEGISLATIVELY DIRECTED FUNDS (“LDF”)
GUIDELINES AND BEST PRACTICES FOR OPM GENERAL LETTER 2026-01

1. Purpose

This document provides supplemental information and best practices regarding: Legislatively Directed Funds Administration Policy.

a. **Intake Process:** Agencies shall utilize these best practices to document information about the recipient for state agency review. The Office of Policy and Management’s (“OPM”) guide, entitled [“Guide to Grants Management For the State as Grantee and Grantor”](#) and the “Grantee Risk Assessment” form should also be consulted for sourcing many additional best practices associated with grant management. This review may include collecting and analyzing information on any subawardee(s), if the primary recipient is independently allowed to sub-award. Sub-awardees must also be vetted by the state agency.

LDF recipients may include a wide variety of entities or organizations, including but not limited to, government entities, quasi-public agencies, and other business entities.

Depending on the type of recipient, documentation may include, but not be limited to:

- i. A state agency generated form to be completed by primary recipient(s) or sub-awardee(s) that may include, but not be limited to, the following:
 1. Recipient legal name.
 2. Official physical address registered with the Secretary of State.
 3. Proof of business registration with the Secretary of State (as applicable).
 4. Physical address where the project or program will be conducted (if different from official physical address).
 5. Number of years operating in the State of Connecticut.
 6. Names of owner(s) and or executive(s), and names of officers and active members of the governing board.
 7. Budget detailing project financial spending plan, description of the project or intended use of the funds, signed by the authorized individual.
 8. A certification that the primary recipient(s)/sub-awardee(s) has not:
 - a. Within the past three (3) years been suspended or disbarred from any federal, state, local or Tribal programs, awards, contracts, grants or procurements; or
 - b. Been convicted of, or had a civil judgment rendered against it for commission of fraud or a criminal offense or a criminal offense in connection with obtaining, attempting to obtain, or performing a transaction or contract with any governmental entity. This includes, but is not limited to, violation of Federal or state antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records.
 9. Also, the primary recipient(s)/sub-awardee(s) should be asked whether:
 - a. The State ever terminated or suspended a contract with the organization for breach or over concerns about the health or welfare of clients? If yes, describe;
 - b. The organization is the subject of any investigation by any State, local or federal agency? If yes describe;
 - c. The organization currently is involved in, or does it anticipate any litigation or other legal claims that could impact the delivery of service or your organization’s ability to carry out any project associated with a state grant?
 - d. The organization ever declared bankruptcy;
 - e. Any local, State, or federal taxes currently past due (unpaid) by the organization? If yes describe;
 - f. The organization in default under any current loan agreement? If yes, describe?

- ii. Required documentation to identify the primary recipient(s) and sub-awardee(s), to the extent applicable may include:
 - 1. Registration document with the Connecticut Secretary of the State.
 - 2. IRS Form W-9 Request for Taxpayer Identification Number and Certification.
 - 3. IRS Form 990 Return of Organization Exempt from Income Tax (or most recent IRS tax filing).
 - 4. Charitable Organization Registration unless exempted by C.G.S. § 21a-190d
- iii. A board resolution from any governing body associated with the primary recipient(s) and sub-awardee(s) that empowers an authorized individual to execute and deliver a contract award in the name of, and on behalf of, the primary recipient(s) and sub-awardee(s) of the LDF.
- iv. Risk assessment documentation, that may vary depending on the size, scope, dollar amount or nature of the LDF, including but not limited to:
 - 1. Audited financial statement for previous two (2) years.
 - 2. State single audit for previous two (2) years, if applicable; (including federal single audits if federal monies are being directed).
 - 3. If organization was not required to file a State Single Audit (or federal single audit) for the most recent two fiscal years, get the audited Consolidated Statements of Financial Position for those years.
 - 4. Current Board approved fiscal year budget.
 - 5. Budget vs. Actual reporting for current fiscal year and previous fiscal year.
 - a. Certificate of Insurance naming State of Connecticut as additional insured.
 - b. Any other information that the state agency deems necessary to carry out the intent of the LDF. This may include information on any sub-awardees, if the primary recipient is independently allowed to sub-award. These sub-awardees must also be vetted by the state agency.

b. **Internal Review and Approval Process:** Agencies shall conduct an internal review and approval process.

- i. The state agency shall develop and document a risk assessment process and template to assist with this risk assessment process. This process and template shall include a measurement for the level of risk acceptable for the LDF.
- ii. The agency staff shall review and evaluate all information submitted under the documentation process.
- iii. The review process should include a sign-off by the LDF point of contact, the agency's Fiscal Office, and a senior-level member of management.
- iv. The state agency should review financial health and stability, audit findings, corrective plans, management letters, and previous performance.
- v. The state agency should review the documented procedures and policies of the primary recipient(s) and sub-awardee(s). Review may include but is not limited to procedures and policies related to accounting, cash management, finance, payroll, purchasing, conflict of interest, and internal controls.
- vi. If the state agency determines the primary recipient or sub-awardee fails the risk assessment, the LDF may be withheld by the state agency (see withholding process).

c. **General Agency Responsibilities:** The state agency is responsible for the following:

- i. Utilize these best practices to disburse the LDF. Follow state guidelines and statutes including but not limited to fiscal control, accounting procedures, procurement, code of ethics, and records retention to ensure proper disbursement and record keeping. If federal monies are involved, agencies shall consult the applicable federal program guidelines, statutes, regulations, and corresponding federal ethical rules.
- ii. The state agency may assign a point of contact for the recipient of each LDF. Such person will be responsible for communicating with the primary recipient(s) and sub-awardee(s) about the LDF steps and the deadlines for documentation submission, review, evaluation, approval, and payment.
- iii. A formal notification of award is required.

- iv. The state agency should review the submitted description of the project, intended use of the funds, and budget to ensure that the LDF award is not used for: pension fund, employee bonuses, debt service, replenishment of financial reserves, satisfaction of settlements and judgments, tax liens, delinquent taxes, or other obligations owed to any governmental entity.
- v. The state agency shall include language in communication to the recipient regarding the retention of documentation for a period post close out of the LDF.
- vi. The state agency should review and monitor the primary recipient(s) and or sub-awardee(s) reporting requirements.
- vii. The standard process for payment of the LDF is on an invoice basis.
- viii. If the funding source of the LDF is federally funded, abide by and include specific terms and conditions from the federal awarding agency, and Title 2, Subtitle A, Chapter II, Part 200 of the Code of Federal Regulations.
- ix. The state agency shall document decision making regarding exceptions to these best practices.

d. **Withholding Process:** Each state agency should withhold the LDF if at least one of the following scenarios are met, and shall notify the assigned OPM budget analyst within 5 business days indicating reason(s) and including documentation for which the LDF was withheld.

- i. Legislative leadership does not provide the state agency with the requested information about the LDF in writing, if applicable.
- ii. The primary recipient(s) or sub-awardee(s) fail to respond or submit the required documentation.
- iii. The primary recipient(s) is not legally incorporated or registered to do business in Connecticut.
- iv. The primary recipient(s) or sub-awardee(s) fail to comply with state agency policies related to administration of the LDF.
- v. The primary recipient(s) or sub-awardee(s) fail risk assessment.
- vi. The primary recipient(s) or sub-awardee(s) fail to adhere to federal or state laws.

2. Definitions

- a. **Code of Ethics:** The State of Connecticut Code of Ethics, as defined in the C.G.S. Chapter 10. If federal monies are used, separate federal ethic rules must be reviewed and consulted.
- b. **Immediate Family:** as defined by section 1-79(6) of the Code of Ethics.
- c. **Legal Name:** means the name of the legal entity or person as it is registered with the Connecticut Secretary of the State.
- d. **Legislative Intent:** is the stated purpose of the LDF, such as a specific project, a specific program to be administered, or general operating support.
- e. **Legislatively Directed Funds (“LDF”):** also known as “earmarks,” are specific amounts directed by the legislature to specific organizations, often identifying specific purposes for which the funds have been provided. LDFs are typically identified in legislation, usually in “Back of the act” language or tables, or in correspondence from the legislature, including the budget book published by the General Assembly’s Office of Fiscal Analysis with narrative explaining the legislative intent regarding certain appropriations or appropriation revisions. LDFs do not include appropriations made through a formula-driven or competitive award process.
- f. **Physical Address:** is the actual geographic location of a property, residence, or business operation that includes the street name, number, city, state, and postal code (Not a P.O. Box).
- g. **Primary Recipient:** means the legal entity to which, or person to whom, is specifically named to receive the LDF.
- h. **State Agency:** as defined by C.G.S. § 1-79(20).
- i. **Sub-Award:** is an agreement where a portion of the LDF is redistributed from the primary recipient to the sub-awardee to carry out the legislative intent of the LDF.
- j. **Sub-Awardee:** means the legal entity to which, or person to whom, a sub-award is made, and which is accountable to the primary recipient for the use of the LDF provided.