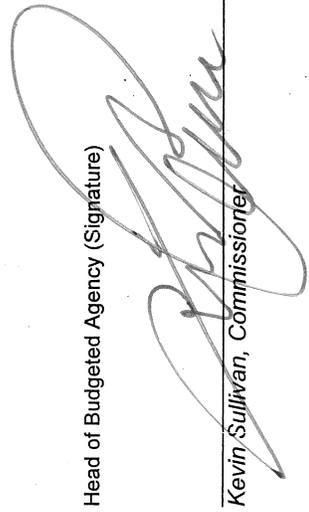


2015 MIDTERM ADJUSTMENT SUMMARY

DRS16000 - Department of Revenue Services
11000 - General Fund

Priority	Adjustment Title	2015 Base	2015 Adjustment	2015 Revised	2016 Adjustment - Annualized
	REDUCTION				
0.00	PS - Accumulated Leave	160,000	-160,000	0	0
0.00	PS - Reduction in Overtime	312,323	-123,000	189,323	0
0.00	PS - Temporary Services	920,000	-400,000	520,000	0
	ADJUSTMENT TOTAL	1,392,323	-683,000	709,323	0

Head of Budgeted Agency (Signature)


Kevin Sullivan, Commissioner

10/18/13
Date submitted

Midterm Adjustments to the FY 2015 Budget - Reduction Adjustment

DRS16000 - Department of Revenue Services 11000 - General Fund

PS - Accumulated Leave

Gary Dowling
860-297-4732

Priority: 0
Creation Date: 10/17/2013

Description and Reason/Measure of Impact

Personal Services:

In years past the DRS has absorbed all accrued leave payout amounts - the DRS can no longer absorb the this expense.

Measure Statistic	2013 Actual	2014 Estimated	2015 Base	2015 Adjustment	2015 Revised	2016 Adjustment - Annualized
Accrued Leave	832,657	160,000	160,000	-160,000	0	0

Financials

Account	2013 Actual	2014 Estimated	2015 Base	2015 Adjustment	2015 Revised	2016 Adjustment - Annualized
10010 - Personal Services	832,657	160,000	160,000	-160,000	0	0
Total	832,657	160,000	160,000	-160,000	0	0

Midterm Adjustments to the FY 2015 Budget - Reduction Adjustment

DRS16000 - Department of Revenue Services 11000 - General Fund

PS - Reduction in Overtime

Gary Dowling
860-297-4732

Priority: 0
Creation Date: 10/01/2013

Description and Reason/Measure of Impact

Personal Services:

The Agency has been impacted through several years of limited refills actually and has reached the point where administrative and support functions are now being effected. We estimate that the impact of this reduction may still affect our ability to sustain the collection of revenue as expected and in a timely manner. The proposed 50% reduction in overtime will significantly impact production, primarily during the peak filing periods. Overtime assists in meeting mandated statutory requirements such as depositing all monies received within a twenty-four hour time period, issuing refunds and bills, registering taxpayers and issuing permits. Implementation of this proposal will result in a loss of revenue estimated at \$2.2 million dollars.

Measure Statistic	2013 Actual	2014 Estimated	2015 Base	2015 Adjustment	2015 Revised	2016 Adjustment - Annualized
Overtime	256,233	312,353	312,353	-123,000	189,353	0

Positions / Financials

	2013 Actual	2014 Estimated	2015 Base	2015 Adjustment	2015 Revised	2016 Adjustment - Annualized
Number of Full Time Positions	633	664	664	0	664	0
SID Code / Title						
10010 - Personal Services	256,233	312,323	312,323	-123,000	189,323	0
Total	256,233	312,323	312,323	-123,000	189,323	0

Midterm Adjustments to the FY 2015 Budget - Reduction Adjustment

DRS16000 - Department of Revenue Services 11000 - General Fund

PS - Temporary Services

Gary Dowling
860-297-4501

Priority: 0
Creation Date: 10/17/2013

Description and Reason/Measure of Impact

Personal Services:

The DRS is proposing to reduce the use of temporary help in the Operations Division. The impact of this will be inability of DRS to timely process mail during the "rush seasons", thus delaying the depositing of tax revenues. The reduction affects all operating units within the Agency because the work performed by the temporary staff still has to be done. To accomplish that, full time employees (FTE's) will have to be reassigned to perform the duties ordinarily performed by the temporary staff. Even though DRS has reduced the need for temporary help through mandated electronic filing, there is still an essential need for temporary staff services. This, in turn, creates additional backlogs in all operating units. Implementation of this proposal will result in a loss of revenue estimated at \$3.9 million dollars.

Measure Statistic	2013 Actual	2014 Estimated	2015 Base	2015 Adjustment	2015 Revised	2016 Adjustment - Annualized
Personal Services - Temporary Help	892,615	920,000	920,000	-400,000	520,000	0

Financials

Account	2013 Actual	2014 Estimated	2015 Base	2015 Adjustment	2015 Revised	2016 Adjustment - Annualized
10010 - Personal Services	892,615	920,000	920,000	-400,000	520,000	0
Total	892,615	920,000	920,000	-400,000	520,000	0



STATE OF CONNECTICUT
DEPARTMENT OF REVENUE SERVICES
OFFICE OF THE COMMISSIONER

RECEIVED

OCT 18 2013

October 18, 2013

OFFICE OF POLICY & MANAGEMENT
OFFICE OF THE SECRETARY

Ben Barnes, Secretary
Office of Policy and Management
450 Capitol Avenue
Hartford, CT 06106-1308

RE: Up to 5% Budget Reduction Option

Dear Secretary Barnes:

This letter is in response to your directive of September 16, 2013 requesting FY 2015 Midterm Budget Adjustments and subsequent direction provided by you to agency heads. After review of the agency's programs and available resources, the Department of Revenue Services (DRS) submits the attached Budget Reduction Option equal to 1% of our FY 2015 appropriations. This option represents expenditure reductions totaling \$683,000 comprised of a decrease in Personnel Services funding.

Each year, we make every effort contribute as much as possible toward each requested midterm budget reduction option. Please be aware that DRS cannot absorb a 5% without significant adverse impact on operations, revenue collection and filled positions. As you are aware the overwhelming majority (89%) of the DRS budget provides essential Personnel Services. With agency staffing still significantly reduced over the past several years, there is no room left to reduce personnel services. Similarly, the current budget for other expenses was very tight to begin with and the cuts required to produce more than a 1% reduction will seriously impact the Department's capacity to perform its core functions – including the levels of tax revenue generation and collection required to finance the overall FY 2015 state budget.

While unable to sustain more than a 1% budget cut, DRS is prepared to propose revenue enhancement options / current service adjustment. While these options will be presented to the Governor's office during review of our potential 2014 legislative proposals, let me include one more specifically with this communication.

File Your Taxes Electronically
www.ct.gov/DRS

Ben Barnes, Secretary

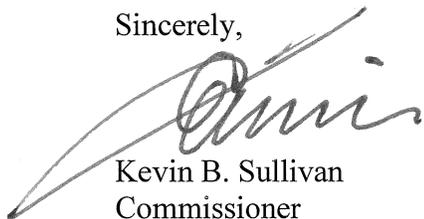
October 18, 2013

Page 2

We propose changing the filing and remittance requirements for Sales and Use Tax to be paid by (1) major sellers of goods and services and (2) taxpayers with tax deficiencies. This proposal will result in improved cash flow, higher state earnings on cash balances from taxes owed and reduced tax evasion. We are prepared to provide an estimate of the fiscal benefits.

As always, please let me know of any additional information that may be required or otherwise helpful as you assist Governor Malloy in continuing to stabilize our state finances.

Sincerely,

A handwritten signature in black ink, appearing to read "Kevin B. Sullivan", written over a horizontal line.

Kevin B. Sullivan
Commissioner

