STATE OF CONNECTICUT

DEPARTMENT OF REVENUE SERVICES

OFFICE OF THE COMMISSIONER

October 9, 2014

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

RE: Budget Reduction Option

Dear Secretary ~~Barnes~~ Ben

This letter is in response to your communication of September 5, 2014 requesting FY 2016 Budget Adjustments for the FY 2016 and FY 2017 Biennium. As you know, productivity improvements have helped the agency operate within significantly reduced appropriations but filled staffing in many areas is marginal. After review of the agency's programs and available resources, the Department of Revenue Services (DRS) submits the attached Budget Reduction Option equal to approximately .75% of our FY 2016 and FY 2017 budget requests. This option represents expenditure reductions totaling $535,000 for FY 2016 and $540,200 for FY 2017. This proposed reduction is only achievable by deferring the re-fill of vacant positions which we believe will be difficult but achievable.

Please be aware that DRS cannot absorb a reduction beyond what is being submitted without significant adverse impact on operations, revenue collection and filled positions. As you are aware the overwhelming majority (88%) of the DRS budget provides essential Personal Services. With agency staffing still significantly reduced over the past several years, there is little room for reductions in Personal Services. Similarly, the current budget for other expenses was very tight to begin with and the cuts required to produce more than a .75% 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 FY 2016 & FY 2017/ state budgets.

While DRS is unable to absorb more than this requested reduction, we are prepared to propose expansion and enhancement options that will result in net additional revenue collection. We will be pleased to meet and discuss such options at your convenience.

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,

Kevin B. Sullivan
Commissioner

Agency Option Submission

Department of Revenue Services

Signed (Agency Head) Title Date

10-8-14

Fund	Agency Priority	Adjustment Title	FY 2016 Amount	FY 2017 Amount
11000 - General Fund				
	1	General Reduction	535,000	540,200
	Total		535,000	540,200
Total			535,000	540,200