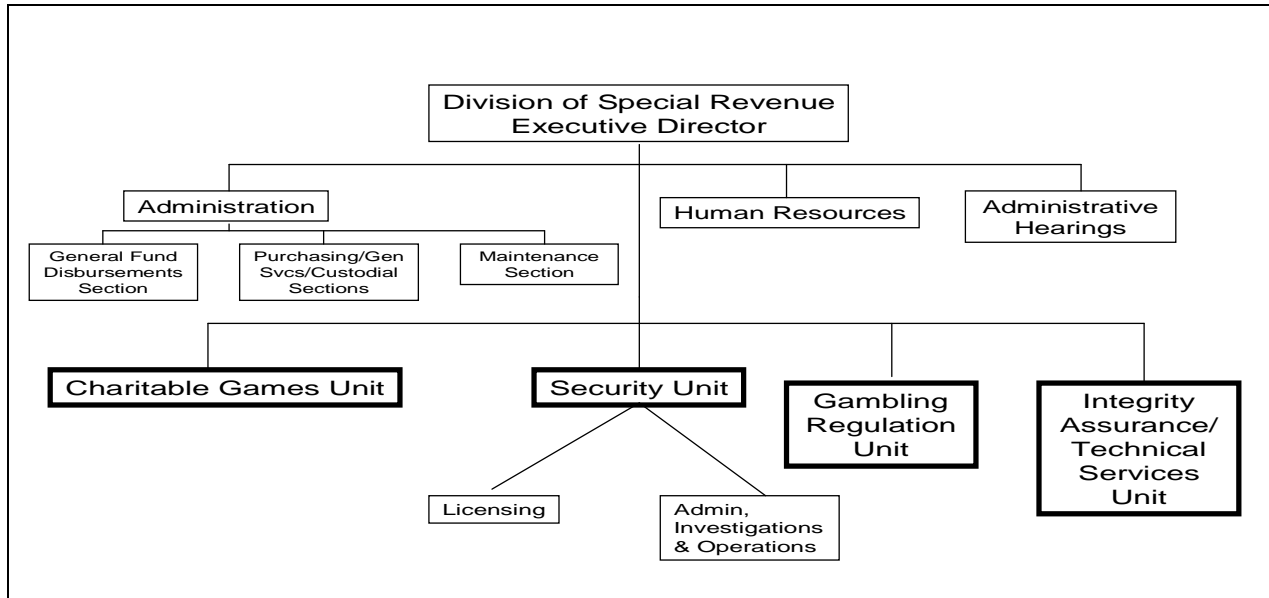


COMMISSION ON ENHANCING AGENCY OUTCOMES
SUMMARY SHEET

**Proposal to Streamline the Division of Special Revenue –
Reduce and/or Consolidate the Charitable Games Unit**

Overview of Division of Special Revenue. The Division of Special Revenue (DSR) is the state agency responsible for regulating legal gaming. Founded in 1971 as the Commission on Special Revenue (P.A. 865), Connecticut first began regulating gaming such as the state lottery, off-track betting, and horse racing. Division responsibilities expanded in 1987 with the transfer of responsibility for charitable gaming from the state police to DSR, and in 1992 with the assumption of responsibility for casino gambling (Responsibility for the state lottery was separated into the quasi-public Connecticut Lottery Corporation in 1996).

The figure below shows the current organization of the Division of Special Revenue as of July 2010. Apart from the administrative hearings and back office functions, there are four units—including the Charitable Games Unit (CGU).



Description of Charitable Games Unit. Under C.G.S. Ch 98, the charitable gaming activities of bingo, sealed ticket sales, bazaars, and raffles conducted by nonprofit organizations, are subject to registration, permit, and other regulatory requirements of the CGU. Specifically, the unit is responsible for:

- administration of required **registrations and permits**;
- review of the financial statements/**audits** of the sponsoring organizations; and
- **field oversight** of authorized activities.

The cost to regulate charitable games in Connecticut is covered by revenues from CGU. A recent study of gambling in Connecticut¹ found revenues had decreased to the point that the amount

¹ See p. 168, *The Impacts of Gambling in Connecticut*, Spectrum Gaming Group (prepared for the Division of Special Revenue), June 22, 2009.

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transferred to the General Fund in 2007 did not cover the state’s costs to regulate charitable games. According to the division director, however, that has not occurred since, due both to the slight growth in charitable games revenues and the streamlining of CGU.

Streamlining of CGU. The CGU budget for FY 09 was \$1.6 million, most of which (73 percent) was expended on costs for 20 staff positions. Effective July 1, 2010, under legislation enacted during the 2010 regular session, all six field operations positions (responsible for inspections and education/support) were eliminated, saving approximately \$375,000 annually. Consequently, CGU will now have limited training and educational services for permittees, and conduct on-site inspections only when there are complaints.

Consolidation of CGU into other DSR Units. The DSR could further streamline operations by folding CGU Licensing and Applications into DSR’s Security Unit, and CGU back office functions into the DSR Administration Section (see figure below). This will create potential annual savings by **eliminating the currently vacant “Charitable Games Unit Head” position (annual base salary range: \$88,505-\$113,525, median=\$101,015).**

Possible Consolidation of CGU into DSR	
Currently in CGU	Potential Consolidation:
<ul style="list-style-type: none"> • 1 Lic&ApplicSupv • 1 SpecRevnGmblRegSupv • 4 Office Assistants • 1 Administrative Assistant • 2 Processing Technicians 	Move to Security Unit and name “Charitable Games Licensing”
<ul style="list-style-type: none"> • FscI/AdminAsst • Storekeeper 	Move to Fiscal Admin Office of Purchasing/General Services/Custodial (part of Administration Section)

Further consolidation. In 1990, DSR was organized, for administrative purposes only, as a part of the Department of Revenue Services (DRS). A Thomas Commission report produced at that time noted that DSR did not rely on DRS for administrative or operations support, and the Executive Director of DSR served at the pleasure of the Governor, reporting directly to the governor. The Thomas Commission recommended that DSR be given department status, which would be consistent with its reporting responsibilities.

In an effort to reduce the number of state agencies or independent divisions, Connecticut could return to the previous consolidation of DSR into DRS. CGU administrative hearings, for example, could be folded into the DRS Legal Division, and the Charitable Games Unit into DRS Taxpayer Services.

Alternatively, the charitable gaming portion of DSR could become the responsibility of the CT state police, as was the case in CT from 1965 to 1987 (Charitable gaming is a responsibility of state police in other states, including Rhode Island and Maine).