

**DEPARTMENT OF REVENUE
FY18 - Increment Status Report**

Governor's Budget Items Approved as Requested

Item #	Appropriation/ Allocation	Description	Amount/Fund Source	FY18 CC Book Comment	GF Dec?	LFD Notes/Questions?	Agency Comments
1	Taxation and Treasury/ Tax Division	Add Corporate Income Tax Auditors	\$184.5 UGF 2 PFT Positions	After testimony by the agency, the legislature increased the corporate income tax auditing staff to capture additional revenue that is currently foregone due to the lack of staff resources. Currently, the tax system is identifying audit leads that the division lacks staff time to investigate. It is estimated that \$500,000 of new revenue per auditor will be generated.	No	Please provide progress on recruitment and filling of the positions.	The two new corporate income tax auditor positions have been filled.
2	Taxation and Treasury/ Treasury Division	Add State Investment Officers	\$438.9 I/A Rcpts/ Retirement Funds (Other) 2 PFT Positions	The Treasury Division believes there are additional savings to be achieved by hiring additional investment officers in-house. As of 12/31/16, \$13.8 billion of asset were managed internally by Treasury Division investment staff. This represented 34% of the \$41.2 billion assets managed by the Treasury. Had external firms invested this money, the external management fees would have been \$32.7 million (fees range between 12 and 75 basis points depending on asset class). Total annual salary and benefits of Treasury investment staff costs \$4.1 million annually to perform internal investing as well as oversight of external managers. While there is not a direct dollar for dollar comparison to the savings available based on adding investment officers, Treasury believes that adding two investment staff could save up to \$15 million annually in management fees.	No	Please provide progress on recruitment and filling of the positions.	In FY 2018 Treasury budget increment added 2 State Investment Officers. Those positions, coupled with new vacancies of 3 Investment Officers resulted in a recruitment effort for 5 vacant positions. Approval has been received to make formal offers for 3 positions. Another recruitment effort is underway to fill the 2 remaining positions.
3	Mental Health Trust Authority/ Mental Health Trust Operations	Restore Funding to MH Trust Requested Level for FASD Campaign	\$150.0 A/D T&P Funds (DGF)	This increment will allow the Alaska Mental Health Trust Authority to provide funding for the Institute for Circumpolar Health Studies to continue to develop, implement and evaluate Fetal Alcohol Spectrum Disorder (FASD) prevention strategies and to continue the FASD media campaign. Each child diagnosed with FASD is projected to cost the State of Alaska \$850,000 to \$4.2 million from age 0-18. This funding was removed in the Governor's budget, but added back by the Legislature.	No	Please provide progress on implementation of FASD prevention strategies.	Work continues on a multi-media campaign to help inform and educate Alaskans regarding Fetal Alcohol Spectrum Disorders. In FY 17, we conducted statewide quantitative and qualitative research to understand the impact of this campaign and general knowledge of FASDs. Through the research we found that 71% of Alaskans DISAGREE that it is ok to have a few drinks while pregnant. Additionally, younger Alaskans (18-34) 52% disagree that FASD is caused by excessive alcohol consumption and not just a few drinks. This research helped demonstrate that the messaging of the campaign is positively informing the target audience.