

State of Alaska FY2002 Governor's Operating Budget

Department of Revenue
Commissioner's Office
Component

Component: Commissioner's Office

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Component Mission

The mission of the Office of the Commissioner is to provide support and policy direction to the divisions in the department.

Component Services Provided

Key responsibilities include providing policy direction and oversight of the divisions responsible for the administration of the Permanent Fund Dividend program; administration and enforcement of charitable gaming laws; administration and enforcement of state tax laws; investment and management of nearly all state funds; and oversight of enforcement and collection of child support obligations and orders.

The Commissioner or his designee serves on various boards and commissions including the Alaska Permanent Fund Corporation, the Alaska State Pension Investment Board, the Alaska Housing Finance Corporation, the Alaska Industrial Development and Export Authority, the Alaska Municipal Bond Bank Authority, the Alaska Student Loan Corporation and the State Bond Committee.

Component Goals and Strategies

- The largest task facing the Commissioner's Office over the next year will be to lead the state's efforts to promote commercialization of the North Slope's enormous natural gas reserves. Lower 48 market forces of growing demand and subsequent higher prices have increased the possibility that construction could begin in a couple of years on a gasline to bring Alaska natural gas to mid-America. The state needs to respond quickly and with complete information as North Slope oil and gas producers, pipeline operators, potential investors and others review different options for commercializing Alaska's natural gas reserves. The department will provide the lead in the state's review of those options, with the goal of protecting Alaska's interests and ensuring a fair return to the state treasury from the public resource.
- A major goal for the Commissioner's Office is to assist the Child Support Enforcement Division in two key projects:
 - 1) To win legislative approval in the 2001 session for extending the federally mandated requirements of welfare reform as they pertain to management of state child support programs. Several enforcement and collection tools will expire June 30, 2001, unless the legislature extends or eliminates the "sunset clause." The state could lose up to \$80 million a year in federal funding for public assistance programs and child support services if it fails to maintain its compliance with the terms of the federal welfare reform act.
 - 2) To assist the child support division in any way possible in its effort to achieve federal certification in calendar 2001 of its new casework accounting system.

Key Component Issues for FY2001 – 2002

- The Commissioner's Office is concerned that a growing number of Alaskans may be purchasing untaxed cigarettes via the Internet or through mail-order promotions to avoid the state's \$1-a-pack cigarette tax. In addition to the loss of state revenue, such access to cigarettes is contrary to the state's efforts to reduce smoking - especially by minors. The Commissioner's Office will be actively involved in the Tax Division's effort to secure legislative approval of a tax stamp program for Alaska. Under the proposed legislation, all cigarettes brought into Alaska would be required to have a state tobacco tax stamp. Such a visible proof that taxes have been paid

would help the Tax Division in its enforcement efforts, while also producing upward of an estimated million dollars a year in revenue to the state.

- Formal appeals of Permanent Fund dividend denials and child support orders come to the Hearing Office Section of the Commissioner's Office. It is the goal of the Commissioner's Office to move those appeals to a hearing in a timely fashion, and to issue decisions in a language that is understandable to the public. Although the hearing decisions are legal documents, often entered into the record on appeal to the courts, it is important to remember that most dividend applicants and many child support participants do not have legal counsel, and the hearing decisions need to answer their questions and explain the applicable laws clearly.
- The Commissioner's Office will assist the Permanent Fund Dividend Division in responding to two areas of public concern:
 - 1) Finding a solution to the growing problem of long wait times for callers to the dividend information offices during the weeks leading up to and immediately following the dividend distribution each fall. The answers will be found in modernizing the phone system to provide more automated information to callers, and encouraging more people to use the on-line application system the public to speed up processing of their dividends.
 - 2) The division in 2001 will launch its first-ever internal audit program to randomly select several hundred dividend applications each year to verify the eligibility information provided by the applicants. The Commissioner's Office will assist the division in setting criteria for its eligibility audit program, which is intended to help ensure the integrity of the dividend program.

Major Component Accomplishments for FY2000

- The Tax Division, working with the Commissioner's Office, embarked on a major revision in FY 2000 to its twice-yearly state revenue forecast booklets. The expanded format is intended to acknowledge the growing role in Alaska's budget filled by federal funding and investment earnings, and to help educate policy makers and the public on the state's fiscal future. The Commissioner's Office will continue working in FY 2001-2002 to add additional information to the revenue forecasts to explain the state's overall financial health.

Statutory and Regulatory Authority

AS 04
AS 09.25.100
AS 09.50
AS 10.25.570
AS 14.25.180
AS 16.10.265
AS 16.10.290
AS.18.26
AS 18.56
AS 25.25
AS 25.27
AS 34.45
AS 37.05.200
AS 37.10
AS 37.10.050-.087
AS 37.13
AS 37.14.011
AS 37.14.110
AS 37.14.120
AS 37.14.200
AS 37.15
AS 37.17
AS 38.05.036

AS 39.35.110
 AS 43
 AS 44.25
 AS 44.82
 AS 44.83.386
 AS 44.85
 AS 45.98.050

Key Performance Measures for FY2002

Measure: The percentage of divisions' that meet assigned performance measures.
(Developed jointly with Legislature in FY2000.)

Current Status:

It is too soon to quantify all of the divisions' performance against the measures established this past legislative session.

Measure: The average time taken to respond to complaints and questions that have been elevated to the Commissioner's Office.
(Developed jointly with Legislature in FY2000.)

Current Status:

About one week, the Permanent Fund dividend questions and complaints are answered the week they arrive in the Commissioner's Office, while the office responds within two weeks to all of the child support questions it receives.

Measure: The average time taken to issue decisions in child support and Permanent Fund Dividend appeals.
(Developed jointly with Legislature in FY2000.)

Current Status:

Most formal hearing decisions are issued within 30 days after the record closes on child support and dividend appeals

Measure: The number of decisions sustained as compared to all decisions appealed to the Commissioner's Office.
(Developed jointly with Legislature in FY2000.)

Current Status:

The Hearing Officer Section overturns or amends fewer than 10 percent of the dividend and child support decisions appealed to formal hearing.

Status of FY2001 Performance Measures

	<i>Achieved</i>	<i>On track</i>	<i>Too soon to tell</i>	<i>Not likely to achieve</i>	<i>Needs modification</i>
• The percentage of divisions that meet assigned performance measures.			X		
• The average time taken to respond to complaints and questions that have been elevated to the Commissioner's Office.			X		
• The average time taken to issue decisions in child support and Permanent Fund dividend appeals.			X		
• The number of decisions sustained as compared to all decisions appealed to the Commissioner's Office.			X		

Commissioner's Office
Component Financial Summary

All dollars in thousands

	FY2000 Actuals	FY2001 Authorized	FY2002 Governor
Non-Formula Program:			
Component Expenditures:			
71000 Personal Services	681.2	794.9	792.3
72000 Travel	24.4	43.0	43.0
73000 Contractual	122.7	538.7	538.7
74000 Supplies	21.0	29.4	29.4
75000 Equipment	3.9	0.0	0.0
76000 Land/Buildings	0.0	0.0	0.0
77000 Grants, Claims	0.0	0.0	0.0
78000 Miscellaneous	0.0	0.0	0.0
Expenditure Totals	853.2	1,406.0	1,403.4
Funding Sources:			
1004 General Fund Receipts	141.6	145.2	146.0
1007 Inter-Agency Receipts	294.6	317.8	311.7
1053 Investment Loss Trust Fund	0.0	0.9	0.0
1108 Statutory Designated Program Receipts	0.0	494.5	494.3
1133 Indirect Cost Reimbursement	417.0	447.6	451.4
Funding Totals	853.2	1,406.0	1,403.4

Estimated Revenue Collections

Description	Master Revenue Account	FY2000 Actuals	FY2001 Authorized	FY2001 Cash Estimate	FY2002 Governor	FY2003 Forecast
Unrestricted Revenues						
None.		0.0	0.0	0.0	0.0	0.0
Unrestricted Total		0.0	0.0	0.0	0.0	0.0
Restricted Revenues						
Interagency Receipts	51015	294.6	317.8	317.8	311.7	325.0
Statutory Designated Program Receipts	51063	0.0	494.5	494.5	494.3	493.5
UA Indirect Cost Recovery	51115	417.0	447.6	447.6	451.4	455.0
Investment Loss Trust Fund	51393	0.0	0.9	0.9	0.0	0.0
Restricted Total		711.6	1,260.8	1,260.8	1,257.4	1,273.5
Total Estimated Revenues		711.6	1,260.8	1,260.8	1,257.4	1,273.5

Commissioner's Office

Proposed Changes in Levels of Service for FY2002

No anticipated service changes

Summary of Component Budget Changes

From FY2001 Authorized to FY2002 Governor

All dollars in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2001 Authorized	146.1	447.6	812.3	1,406.0
Adjustments which will continue current level of service:				
-Convert Special FY2001 Labor Cost Fund Sources to GF	0.2	0.0	-0.2	0.0
-Year 2 Labor Costs - Net Change from FY2001	-0.3	-1.5	-0.8	-2.6
-Fund Changes Due to Cost Allocation Plan	0.0	5.3	-5.3	0.0
FY2002 Governor	146.0	451.4	806.0	1,403.4

Commissioner's Office
Personal Services Information

Authorized Positions			Personal Services Costs	
	FY2001 Authorized	FY2002 Governor		
Full-time	11	11	Annual Salaries	618,926
Part-time	0	0	COLA	13,201
Nonpermanent	0	0	Premium Pay	0
			Annual Benefits	187,051
			<i>Less 3.28% Vacancy Factor</i>	(26,878)
			Lump Sum Premium Pay	0
Totals	11	11	Total Personal Services	792,300

Position Classification Summary

Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Commissioner	0	0	1	0	1
Dep Commissioner	0	0	1	0	1
Exec Secretary II	0	0	1	0	1
Legal Secretary I	1	0	0	0	1
Paralegal Asst I	0	0	1	0	1
Paralegal Asst II	1	0	0	0	1
Project Coordinator	0	0	1	0	1
Revenue Hearing Examiner I	1	0	1	0	2
Revenue Hearing Examiner II	0	0	1	0	1
Spec Asst To The Comm II	0	0	1	0	1
Totals	3	0	8	0	11