

Comparisons among Three Design Scenarios: Base, Deferred Staff, and Contractor Focus Versions

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This document presents, largely in the form of tables, a comparison of three scenarios for the proposed MTC Arm's-Length Adjustment Service based on discussion of the Advisory Group for this project on October 7, 2014. The three versions include:

1. A "base" version based on the original draft design discussed at the October 7 meeting. It is modified here to add certain early impact features to the design: (1) training for state auditors on identifying issues and securing documents, and (2) an initial voluntary disclosure opportunity for taxpayers.
2. A "deferred staff" version that delays by several months the hiring of two of the core staff positions and by a few months, positions devoted to both economic analysis of transfer pricing studies and non-economic audits of the same. The early impact features are also included, but on a delayed basis due to the deferred hiring of core staff.
3. A "contractor focus" version that deletes three economist positions from the service staff and relies entirely on contract economists for transfer pricing economic analysis and economic support for training, process improvement, case assistance, case resolution and litigation support.

In general, the three versions provide very similar services. The deferred staff version varies from the base version basically in that most activities, other than transfer pricing services, are delayed by about 6 months. Transfer pricing services are provided on the same schedule. The most significant difference occurs with regard to the voluntary disclosure opportunity for taxpayers. Under the base version, the voluntary disclosure process would be completed entirely in FY 2016. Under the under the deferred staff version it would be delayed until FY 2017.

The contractor focus version also has some delays, by a few months, as compared to the base version. The voluntary disclosure period would start in late FY 2016, but not be completed until FY 2017. Also, the process improvement, case assistance and case resolution services would be of more limited scope because of the absence of staff economists who can bring their expertise flexibly into these activities. That is estimated to reduce the quality and extent of these services in ways that may be difficult to measure.

Over the full four-year period, the base version is the least costly of the three scenarios. The deferred staff version costs \$90,000 more over four years, but the contractor focus version is \$1.2 million greater. The contractor focus version is more expensive due to the higher cost of completing transfer pricing analyses with contract economists instead of staff economists and increased training and case assistance costs.

For the first year only, the deferred staff version is the least costly. However, part of those first year savings are lost in the second year to higher costs attributable to shifting some contract costs for training and the voluntary disclosure process from the first to the second year. For the four-year period, the deferred staff version is slightly more costly than the base version due to the higher contract economist costs in the second and third years of operation. The delay in hiring staff economists in those two years results in a larger share of transfer pricing analyses being conducted through the more expensive contracted economic services.

The four tables below present features and activities of the Arm's Length Adjustment Service (ALAS) under the three scenarios. The first two, multi-page tables present ALAS services and outcomes in two different ways. The first table presents the activities by type, with some references to timing. The second presents the activities entirely as a timeline. There is some redundancy in the two tables, but overall their intent is to provide a thorough summary of the evolution of the Arm's-Length Adjustment Service over its charter period. The third table presents a summary budget comparison among the three scenarios. The fourth summarizes the staffing under the scenarios.

Table 1. Outcomes and Services Comparison

Activity	Base	Deferred Staff	Contractor Focus
<p><u>Training</u></p> <p>Types of Training by Year</p>	<p><u>FY 2016:</u></p> <ol style="list-style-type: none"> 1. "Identifying Audit Issues and Securing Documents." 2. Two interstate training sessions of front-line staff. 3. Two-part non-economic review of pricing studies course for designated pricing study auditors. 4. "Fundamentals of Related Party Federal and State Law." <p><u>FY 2017:</u></p> <ol style="list-style-type: none"> 1. "Fundamentals of Related Party Compliance Methods." 2. "Identifying Audit Issues and Securing Documents." 3. Two interstate training sessions of front-line staff. 4. Related party topics at MTC Litigation Committee. 	<p><u>FY 2016:</u></p> <ol style="list-style-type: none"> 1. Identifying Audit Issues and Securing Documents." 2. One interstate training sessions of front-line staff. <p><u>FY 2017:</u></p> <ol style="list-style-type: none"> 1. "Fundamentals of Related Party Compliance Methods." 2. "Fundamentals of Related Party Federal and State Law." 3. "Identifying Audit issues and Securing Documents." 4. Two interstate training sessions of front-line staff. 5. Related party topics at MTC Litigation Committee. 6. Two-part non-economic review of pricing studies course. 	<p><u>FY 2016:</u></p> <ol style="list-style-type: none"> 1. Identifying Audit Issues and Securing Documents." 2. One interstate training sessions of front-line staff. 3. Two-part non-economic review of pricing studies course for designated pricing study auditors. 4. "Fundamentals of Related Party Federal and State Law." <p><u>FY 2017:</u></p> <ol style="list-style-type: none"> 1. "Fundamentals of Related Party Compliance Methods." 2. "Identifying Issues and Securing Documents." 3. Two interstate training sessions of front-line staff. 4. Related party topics at MTC Litigation Committee.

Activity	Base	Deferred Staff	Contractor Focus
<p>Training (continued)</p>	<p><u>FY 2018:</u> 1. Repeat 2017 courses as needed. 2. Advanced topics in related party compliance. 3. Two interstate meetings of front-line staff. 4. Update course on non-economic review of pricing studies for pricing study auditors.</p> <p><u>FY 2019:</u> 1. Repeat prior courses as needed or in “update” form. 2. Two interstate meetings of front-line staff.</p>	<p><u>FY 2018:</u> 1. Repeat 2017 courses as needed. 2. Advanced topics in related party compliance. 3. Two interstate meetings of front-line staff.</p> <p><u>FY 2019:</u> 1. Repeat prior courses as needed or in “update” form. 2. Two interstate meetings of front-line staff. 3. Update course on non-economic review of pricing studies for pricing study auditors.</p>	<p><u>FY 2018:</u> 1. Repeat 2017 courses as needed. 2. Advanced topics in related party compliance. 3. One interstate meeting of front-line staff. 4. Update course on non-economic review of pricing studies for pricing study auditors.</p> <p><u>FY 2019:</u> 1. Repeat prior courses as needed or in “update” form. 2. One interstate meeting of front-line staff.</p>
<p>Mode of Training</p>	<p>Primarily contractor training in first year. Increased training by staff in years two through four.</p>	<p>Primarily contractor training in first two years. Increased training by staff in years two through four.</p>	<p>Primarily contractor training in first two years. Majority contractor training in all years.</p>

Activity	Base	Deferred Staff	Contractor Focus
<u>Transfer Pricing Analysis</u> Total Number of Analyses of Taxpayer Transfer Pricing Studies	<u>FY 2016:</u> 9	<u>FY 2016:</u> 9	<u>FY 2016:</u> 9
	<u>FY 2017:</u> 18	<u>FY 2017:</u> 18	<u>FY 2017:</u> 18
	<u>FY 2018:</u> 24	<u>FY 2018:</u> 24	<u>FY 2018:</u> 24
	<u>FY 2019:</u> 27	<u>FY 2019:</u> 27	<u>FY 2019:</u> 27
Ratio of Contractor to Staff Conducted Analyses	<u>FY 2016:</u> 8:1	<u>FY 2016:</u> 9:0	<u>FY 2016:</u> 9:0
	<u>FY 2017:</u> 13:5	<u>FY 2017:</u> 15:3	<u>FY 2017:</u> 18:0
	<u>FY 2018:</u> 10:14	<u>FY 2018:</u> 12:12	<u>FY 2018:</u> 24:0
	<u>FY 2019:</u> 8:19	<u>FY 2019:</u> 8:19	<u>FY 2019:</u> 27:0
Non-Economic Technical Audits of Transfer Pricing Studies	Yes, beginning 2 nd quarter, FY 2016.	Yes, beginning 2 nd quarter, FY 2017.	Yes, beginning 4 th quarter, FY 2016.
Estimated Cost per State Report— Assuming Three States Participating in Each Analysis	<u>FY 2016:</u> \$27,066	<u>FY 2016:</u> \$26,663	<u>FY 2016:</u> \$27,220
	<u>FY 2017:</u> \$25,282	<u>FY 2017:</u> \$27,066	<u>FY 2017:</u> \$27,159
	<u>FY 2018:</u> \$18,999	<u>FY 2018:</u> \$20,991	<u>FY 2018:</u> \$26,398
	<u>FY 2019:</u> \$15,264	<u>FY 2019:</u> \$15,264	<u>FY 2019:</u> \$26,169
	<u>All Years:</u> \$20,087	<u>All Years:</u> \$21,065	<u>All Years:</u> \$26,589
Information Exchange	Yes, beginning 2 nd quarter, FY 2016.	Yes, beginning 2 nd quarter FY 2017.	Yes, beginning 1 st quarter, FY 2107.
Process Improvement	Yes, beginning 3 rd quarter, FY 2016. Joint work and improvements by states encouraged.	Yes, beginning 1 st quarter, FY 2017. Joint work and improvements by states encouraged.	More limited and lower quality service due to lack of economics staff. Less joint work among states.

Activity	Base	Deferred Staff	Contractor Focus
<u>Case Assistance</u> (pre-audit assessment)	Yes, beginning in 2 nd quarter, FY 2016. Assistance includes, but not limited to, audit & legal help, & staff economists informally evaluating taxpayer transfer pricing facts.	Yes, beginning in 4 th quarter, FY 2016. Assistance includes, but not limited to, audit & legal help & staff economists informally evaluating taxpayer transfer pricing facts.	Beginning second quarter of FY 2016. Assistance includes audit & legal help, & referrals to contract economists for informally evaluating taxpayer facts. States would contract separately with economists.
<u>Case Resolution</u> Voluntary Disclosure Process	Yes, from 2 nd through 4 th quarter, FY 2016.	Yes, from 1 st through 3 rd quarter, FY 2017.	Yes, from 4 th quarter, FY 2016 through second quarter, FY 2017. Would require MTC to contract with contract economists for assistance with disclosure agreement terms.
Post-Assessment Case Evaluation and Support	Yes, beginning 2 nd quarter, FY 2016.	Yes, beginning 4 th quarter, FY 2016.	Yes, but limited to legal assistance, beginning 2 nd quarter, FY 2016. States contract individually with economists.
Alternative Dispute Resolution	Yes, beginning 2 nd quarter, FY 2016.	Yes, beginning 4 th quarter, FY 2016.	Yes, beginning 2 nd quarter, FY 2016.

Activity	Base	Deferred Staff	Contractor Focus
<u>Case Resolution</u> (continued) Litigation Support	Yes, beginning 2 nd quarter, FY 2106. Experts would include both MTC staff economists and contract economists.	Yes, beginning 4 th quarter, FY 2016. Experts would include both MTC staff economists and contract economists.	Yes, beginning 2 nd quarter, FY 2016. States would contract with and pay costs for expert witnesses.
Advanced Pricing Agreement Support	To be determined.	To be determined.	To be determined. If pursued, states would contract individually with contract economists.
<u>Optional Joint Audits</u>	Provided through MTC Joint Audit Program. Treatment of related party issues expands over 2 ½ year period. MTC staff economists provide ongoing training and informal consultation for program. MTC staff & contract economists provide transfer pricing study analyses same as for individual state audits.	Provided through MTC Joint Audit Program. Treatment of related party issues expands over 2 ½ year period. MTC staff economists provide ongoing training and informal consultation for program. MTC staff and contract economists would provide transfer pricing study analyses same as for individual state audits.	Provided through MTC Joint Audit Program. Treatment of related party issues expands over 2 ½ year period. Contract economists provide training and consultation for program. Contract economists would provide transfer pricing study analyses same as for individual state audits.

Table 2. Timeline Comparison

Time Period	Base	Deferred Staff	Contractor Focus
<u>January through June 2015</u>	<p>Final revisions of service design.</p> <p>MTC Training Program hosts “Identifying Issues and Securing Documents” course for auditors.</p> <p>Recruitment of participating states.</p> <p>Preliminary implementation documents for staff recruitment, economic services RFP, exchange of information, and performance objectives.</p> <p>Executive Director confirms sufficient participation, triggering pre-launch staff recruitment and advance publicity for RFP.</p> <p>States appoint Arm’s-Length Service Committee.</p> <p>Recruitment of Tax Manager, Senior Economist and Attorney positions.</p>	<p>Final revisions of service design.</p> <p>MTC Training Program hosts “Identifying Issues and Securing Documents” course for auditors.</p> <p>Recruitment of participating states.</p> <p>Preliminary implementation documents for staff recruitment, economic services RFP, exchange of information and performance objectives.</p> <p>Executive Director confirms sufficient participation, triggering pre-launch staff recruitment and advance publicity for RFP.</p> <p>States appoint Arm’s-Length Service Committee.</p> <p>Recruitment of Tax Manager.</p>	<p>Final revisions of service design.</p> <p>MTC Training Program hosts first “Identifying Issues and Securing Documents” course for auditors.</p> <p>Recruitment of participating states.</p> <p>Preliminary implementation documents for staff recruitment, economic services RFP, exchange of information and performance objectives.</p> <p>Executive Director confirms sufficient participation, triggering pre-launch staff recruitment and advance publicity for RFP.</p> <p>States appoint Arm’s-Length Service Committee.</p> <p>Recruitment of Tax Manager.</p>

Time Period	Base	Deferred Staff	Contractor Focus
<u>July through September 2015</u>	<p>Formal launch of service.</p> <p>Tax Manager begins July 1.</p> <p>Arm's Length Service Committee meets at MTC Annual Meeting; reviews draft performance objectives.</p> <p>Attorney and Senior Economist begin August 1.</p> <p>RFP issued for economists for transfer pricing analysis, training of MTC and state staff, and voluntary disclosure support.</p> <p>Recruitment begins for Pricing Auditor position.</p>	<p>Formal launch of service.</p> <p>Tax Manager begins July 1.</p> <p>Arm's Length Service Committee meets at MTC Annual Meeting; reviews draft performance objectives.</p> <p>RFP issued for economists for transfer pricing analysis, training of MTC and state staff, and voluntary disclosure support.</p>	<p>Formal launch of service.</p> <p>Tax Manager begins July 1.</p> <p>Arm's Length Service Committee meets at MTC Annual Meeting; reviews draft performance objectives.</p> <p>Attorney begins August 1.</p> <p>RFP issued for economists for transfer pricing analysis, training of state staff, and voluntary disclosure support.</p>
<u>October through December 2015</u>	<p>Information exchange process implemented.</p> <p>Contract made with economics consulting firm(s).</p> <p>First round of transfer pricing study analyses solicited.</p>	<p>Information exchange process implemented.</p> <p>Contract made with economics consulting firm(s).</p> <p>First round of transfer pricing study analyses solicited.</p>	<p>Information exchange process implemented.</p> <p>Contract made with economics consulting firm(s).</p> <p>First round of transfer pricing study analyses solicited.</p>

Time Period	Base	Deferred Staff	Contractor Focus
<u>October through December 2015</u> (continued)	<p>Voluntary Disclosure Process begins—taxpayer applications accepted as of October 1.</p> <p>Pricing Auditor begins on November 1.</p> <p>First organizational training session of state front-line staff.</p> <p>States asked to designate staff to perform technical audits of transfer pricing studies.</p> <p>ALAS Committee meets.</p> <p>MTC Audit Committee reviews process of incorporating related party issues in corporate tax joint audits.</p> <p>MTC staff initiates case assistance and case resolution services to states.</p>	<p>Recruitment begins for Sr. Economist.</p> <p>ALAS Committee meets.</p> <p>MTC Audit Committee reviews process of incorporating related party issues incorporate tax joint audits.</p> <p>Recruiting begins for attorney.</p>	<p>Recruitment begins for Pricing Auditor.</p> <p>States asked to designate staff to perform technical audits of transfer pricing studies.</p> <p>ALAS Committee meets.</p> <p>MTC Audit Committee reviews process of incorporating related party issues in corporate tax joint audits.</p> <p>MTC staff initiates case assistance and case resolution services to states—minus economic expertise.</p>

Time Period	Base	Deferred Staff	Contractor Focus
<u>January through March 2106</u>	<p>“Fundamentals of Related Party Federal and State Laws” course.</p> <p>Related party topics at MTC Litigation Committee.</p> <p>First part of two-part training for designated state transfer pricing study auditors.</p> <p>ALAS Committee meets.</p> <p>Six-month taxpayer application period for voluntary disclosures ends on March 30.</p> <p>MTC staff initiates process improvement services with states.</p>	<p>States asked to designate staff to perform transfer pricing study audits.</p> <p>ALAS Committee meets.</p> <p>Senior Economist begins January 1.</p> <p>Attorney begins on March 1.</p>	<p>“Fundamentals of Related Party Federal and State Laws” course.</p> <p>Related party topics at MTC Litigation Committee.</p> <p>ALAS Committee meets.</p> <p>Pricing Auditor begins January 1.</p> <p>MTC staff initiates process improvement services with states—minus economics expertise.</p>

Time Period	Base	Deferred Staff	Contractor Focus
<u>April through June 2016</u>	<p>Voluntary disclosure agreements with taxpayers processed through June 30.</p> <p>Second part of training for designated state transfer pricing study auditors.</p> <p>“Identifying Issues and Securing Documents” course for auditors—held with regular semi-annual training session of state front-line staff.</p> <p>9 economic analyses of transfer pricing studies completed, 8 by contract economists, 1 by MTC Sr. Economist.</p> <p>Technical audits of transfer pricing studies implemented.</p> <p>Recruitment begins for second Economist.</p>	<p>Pricing Auditor begins on April 1.</p> <p>“Identifying Issues and Securing Documents” course for auditors—held with first training session of state front-line staff.</p> <p>9 economic analyses of transfer pricing studies completed, all by contract economists</p> <p>MTC staff initiates case assistance and case resolution services to the states.</p>	<p>Voluntary Disclosure Process begins—taxpayer applications accepted as of April 1.</p> <p>First part of two-part training for designated state transfer pricing study auditors.</p> <p>“Identifying Issues and Securing Documents” course for auditors—held with first training session of state front-line staff.</p> <p>9 economic analyses of transfer pricing studies completed, all by contract economists</p>

Time Period	Base	Deferred Staff	Contractor Focus
<p><u>July through September 2016</u></p>	<p>States submit candidates for FY 2017 transfer pricing study analyses.</p> <p>ALAS Committee meets—Confers with MTC Audit Committee on Related Party Audit Issues. Audit Program begins process of expanding treatment of related party issues.</p> <p>Second Economist begins July 1.</p>	<p>Voluntary Disclosure Process begins—taxpayer applications accepted as of July 1.</p> <p>States submit candidates for FY 2017 transfer pricing study analyses.</p> <p>First part of two-part training for designated state transfer pricing study auditors.</p> <p>ALAS Committee meets—Confers with MTC Audit Committee on Related Party Audit Issues. Audit Program begins process of expanding treatment of related party issues.</p> <p>Recruitment begins for second Economist.</p> <p>MTC staff initiates process improvement activities with the states.</p>	<p>Six-month taxpayer application period for voluntary disclosures ends on September 30.</p> <p>States submit candidates for FY 2017 transfer pricing study analyses.</p> <p>Second part of training for designated state transfer pricing study auditors.</p> <p>ALAS Committee meets—Confers with MTC Audit Committee on Related Party Audit Issues. Audit Program begins process of expanding treatment of related party issues.</p> <p>Technical audits of transfer pricing studies implemented.</p>

Time Period	Base	Deferred Staff	Contractor Focus
<p><u>October through December 2016</u></p>	<p>“Fundamentals of Related Party Compliance Methods” course held with regular semi-annual training session of state front-line staff.</p> <p>ALAS Committee meets.</p>	<p>Six-month taxpayer application period for voluntary disclosures ends on December 31.</p> <p>“Fundamentals of Related Party Compliance Methods” course held with regular semi-annual training session of state front-line staff.</p> <p>Second part of training for designated state transfer pricing study auditors.</p> <p>Technical audits of transfer pricing studies implemented.</p> <p>ALAS Committee meets.</p> <p>Second Economist begins October 1.</p>	<p>Voluntary disclosure agreements with taxpayers processed through December 31.</p> <p>“Fundamentals of Related Party Compliance Methods” course held with regular semi-annual training session of state front-line staff.</p> <p>ALAS Committee meets.</p>

Time Period	Base	Deferred Staff	Contractor Focus
<u>January through March 2017</u>	<p>“Fundamentals of Related Party Federal and State Law” course.</p> <p>ALAS Committee meets.</p>	<p>Voluntary disclosure agreements with taxpayers processed through March 30.</p> <p>“Fundamentals of Related Party Federal and State Law” course.</p> <p>ALAS Committee meets.</p>	<p>“Fundamentals of Related Party Federal and State Law” course.</p> <p>ALAS Committee meets.</p>
<u>April through June 2017</u>	<p>18 transfer pricing analyses completed, with all or nearly all also having undergone technical audits. 13 completed by contract economists, 5 by MTC staff economists.</p> <p>Semi-annual training session for state front-line staff.</p> <p>Recruitment begins for third Economist.</p>	<p>18 transfer pricing analyses completed, with approximately half having undergone technical audits. 15 completed by contract economists, 3 by MTC staff economists.</p> <p>Semi-annual training session for state front-line staff.</p>	<p>18 transfer pricing analyses completed, with half or slightly more having undergone technical audits. All 18 completed by contract economists.</p> <p>Semi-annual training session for state front-line staff.</p>

Time Period	Base	Deferred Staff	Contractor Focus
<u>July through December 2017</u>	<p>States submit candidates for FY 2018 transfer pricing studies.</p> <p>Third economist begins July 1.</p> <p>With regard to training, semi-annual training sessions for state front-line staff continue.</p> <p>Formal courses will repeat in fundamental or advanced topic versions as demand indicates. The three areas include: identifying issues and securing documents, related party law, and related party compliance methods. Courses on other topics may be added.</p> <p>ALAS Committee meets—Confers with MTC Audit Committee on related party audit process.</p>	<p>States submit candidates for FY 2018 transfer pricing studies.</p> <p>Recruiting begins for third economist.</p> <p>Third economist begins October 1.</p> <p>With regard to training, semi-annual training sessions for state front-line staff continue.</p> <p>Formal courses will repeat in fundamental or advanced topic versions as demand indicates. The three areas include: identifying issues and securing documents, related party law, and related party compliance methods. Courses on other topics may be added.</p> <p>ALAS Committee meets—Confers with MTC Audit Committee on related party audit process.</p>	<p>States submit candidates for FY 2018 transfer pricing studies.</p> <p>With regard to training, semi-annual training sessions for state front-line staff continue.</p> <p>Formal courses will repeat in fundamental or advanced topic versions as demand indicates. The three areas include: identifying issues and securing documents, related party law, and related party compliance methods. Courses on other topics may be added.</p> <p>ALAS Committee meets—Confers with MTC Audit Committee on related party audit process.</p>

Time Period	Base	Deferred Staff	Contractor Focus
<u>January to July 2018</u>	<p>Training continues as described above.</p> <p>Update on technical skills for transfer pricing study audits may occur.</p> <p>Process improvement, case assistance, case resolution and litigation support continue in response to identified needs.</p> <p>MTC joint audits regularly cover full set of related party issues.</p> <p>ALAS Committee completes review of information exchange procedures and addresses expansion or modification.</p> <p>24 transfer pricing analyses completed, with all having undergone technical audits. 10 completed by contract economists, 14 by MTC staff economists.</p>	<p>Training continues as described above</p> <p>Update on technical skills for transfer pricing study audits may occur.</p> <p>Process improvement, case assistance, case resolution and litigation support continue in response to identified needs.</p> <p>MTC joint audits regularly cover full set of related party issues.</p> <p>ALAS Committee completes review of information exchange procedures and addresses expansion or modification.</p> <p>24 transfer pricing analyses completed, with all having undergone technical audits. 12 completed by contract economists, 12 by MTC staff economists.</p>	<p>Training continues as described above</p> <p>Update on technical skills for transfer pricing study audits may occur.</p> <p>With lesser scope, process improvement, case assistance, case resolution and litigation support continue in response to identified needs.</p> <p>MTC joint audits regularly cover full set of related party issues.</p> <p>ALAS Committee completes review of information exchange procedures and addresses expansion or modification.</p> <p>24 transfer pricing analyses completed, with all having undergone technical audits. All 24 10 completed by contract economists.</p>

Time Period	Base	Deferred Staff	Contractor Focus
<u>July 2018 through June 2019</u>	<p>All elements of service continue as described for FY 2018.</p> <p>27 transfer pricing analyses completed, with all having undergone technical audits. 8 completed by contract economists and 19 by MTC staff economists.</p> <p>ALAS Committee evaluates the performance of the service in relation to its goals and performance objectives and makes recommendations to the MTC Executive Director and Executive Committee on its future direction.</p>	<p>All elements of service continue as described for FY 2018.</p> <p>27 transfer pricing analyses completed, with all having undergone technical audits. 8 completed by contract economists and 19 by MTC staff economists.</p> <p>ALAS Committee evaluates the performance of the service in relation to its goals and performance objectives and makes recommendations to the MTC Executive Director and Executive Committee on its future direction.</p>	<p>All elements of service continue as described for FY 2018.</p> <p>27 transfer pricing analyses completed, with all having undergone technical audits. All 27 completed by contract economists.</p> <p>ALAS Committee evaluates the performance of the service in relation to its goals and performance objectives and makes recommendations to the MTC Executive Director and Executive Committee on its future direction.</p>

Table 3. Estimated Cost Comparison (Nearest \$10,000—Totals Do Not Add Due Rounding)			
Fiscal Year	Base	Deferred Staff	Contractor Focus
FY 2016	\$ 1,490,000	\$ 1,250,000	\$ 1,400,000
FY 2017	\$ 2,070,000	\$ 2,250,000	\$ 2,100,000
FY 2018	\$ 2,070,000	\$ 2,210,000	\$ 2,520,000
FY 2019	\$ 1,950,000	\$ 1,950,000	\$ 2,750,000
4-Year Total	\$ 7,580,000	\$ 7,670,000	\$ 8,770,000

Table 4—Staffing Comparison			
Fiscal Year	Base	Deferred Staff	Contractor Focus
FY 2016	FTE: 3.42 Tax Manager 1.00 Attorney .88 Sr. Economist .88 Pricing Auditor .66	FTE: 2.08 Tax Manager 1.00 Attorney .33 Sr. Economist .50 Pricing Auditor .25	FTE: 2.38 Tax Manager 1.00 Attorney .88 Pricing Auditor .50
FY 2017	FTE: 5.00 Staff above, all @ 1.00 FTE + 2 nd Economist 1.00	FTE: 4.75 Staff above, all @ 1.00 FTE + 2 nd Economist .75	FTE: 3.00 Staff above, all @ 1.00
FY 2018	FTE: 6.00 Staff above, all @ 1.00 FTE + 3 rd Economist 1.00	FTE: 5.75 Staff above, all @ 1.00 FTE + 3 rd Economist .75	FTE: 3.00 Staff above, all @ 1.00
FY 2019	FTE: 6.00 Same as FY 2018	FTE: 6.00 Staff above, all @ 1.00 FTE	FTE: 3.00 Staff above, all @ 1.00