

Message from the Secretary of the Treasury

Dear Member:

The Fiscal Year (FY) 2017 President's Budget requests \$13.3 billion for Treasury's operating bureaus and \$2.3 billion for our International Programs. The proposal identifies investments to fairly collect revenue—including a program integrity cap adjustment yielding a net increase of \$46 billion over the next ten years—and investments that fight terrorism, improve cybersecurity, and continue strengthening our nation's long-term economic and fiscal position.

The request makes strategic investments in the Internal Revenue Service (IRS) to improve service to tens of millions of taxpayers and reduce the deficit through more effective tax administration. The IRS collects more than 90 percent of federal revenue and interacts with virtually every American. We recognize the increased funding for the IRS in FY 2016 and hope it reflects a step back towards providing the resources needed to fulfil its critical mission. Despite the increase, the IRS remains severely underfunded; its current operating budget is \$911 million lower than it was in FY 2010. These reductions are costing billions of dollars each year in lost enforcement revenue, yielding poor customer service for taxpayers and resulting in insufficient investment in the cybersecurity programs necessary to protect taxpayer data from illicit access. The FY 2017 request begins to restore these funds and allow the IRS to rebuild the quality service that American taxpayers deserve.

Treasury's request also includes funding to combat the Islamic State of Iraq and the Levant (ISIL), as well as other international threats, by bolstering our economic sanctions regimes, and leveraging intelligence collection and international partnerships. It includes a new centralized cybersecurity fund to invest in improved protection for Treasury systems that house taxpayer, financial sector and other business, and government data. The request also invests in the Community Development Financial Institutions Fund to promote economic development in low-income and underserved communities.

Treasury's International Programs request funds general capital increases and replenishments in multilateral development banks and continues making progress on reducing our unpaid commitments, a top Administration priority. The request also invests in the Office of Technical Assistance (OTA) as the first step towards meeting the Administration's commitment to double OTA resources by 2020 and provides investments in the Green Climate Fund to support the transition of developing countries to a low-emission and climate resilient development path.

The FY 2017 Congressional Budget Justification includes the information required for the Annual Performance Report. I have validated the accuracy, completeness and reliability of the performance data in this report.

Sincerely,

A handwritten signature in black ink, appearing to read "Jacob J. Lew", with a stylized, flowing script.

Jacob J. Lew