

Mission Statement

Maintain a strong economy and create economic and job opportunities by promoting conditions that enable economic growth and stability at home and abroad; strengthen national security by combating threats and protecting the integrity of the financial system; and manage the U.S. government's finances and resources effectively.

Executive Summary

FY 2016 President's Budget by Function

Dollars in thousands

	FY 2014 Enacted	FY 2015 Enacted	FY 2016 Request	FY 2015 to FY 2016	
				Increase/ Decrease	Percent Change
Management & Financial	\$1,338,388	\$1,343,704	\$1,397,680	\$53,976	4.0%
Departmental Offices Salaries and Expenses	\$312,400	\$210,000	\$331,837	\$121,837	58.0%
Terrorism and Financial Intelligence (TFI)	\$0	\$112,500	\$0	(\$112,500)	-100.0%
Departmental Offices Salaries and Expenses¹	\$312,400	\$322,500	\$331,837	\$9,337	2.9%
Department-wide Systems and Capital	\$2,725	\$2,725	\$10,690	\$7,965	292.3%
Office of Inspector General	\$34,800	\$35,351	\$35,416	\$65	0.2%
Treasury IG for Tax Administration	\$156,375	\$158,210	\$167,275	\$9,065	5.7%
Special Inspector General for TARP	\$34,923	\$34,234	\$40,671	\$6,437	18.8%
Community Development Financial Institutions	\$226,000	\$230,500	\$233,523	\$3,023	1.3%
Financial Crimes Enforcement Network	\$112,000	\$112,000	\$112,979	\$979	0.9%
Alcohol and Tobacco Tax and Trade Bureau	\$99,000	\$100,000	\$106,439	\$6,439	6.4%
<i>Program Cap Adjustment Included in IRS</i>	<i>\$0</i>	<i>\$0</i>	<i>(\$5,000)</i>	<i>(\$5,000)</i>	<i>NA</i>
Net, Alcohol and Tobacco Tax and Trade	\$99,000	\$100,000	\$101,439	\$1,439	1.4%
Bureau of the Fiscal Service	\$360,165	\$348,184	\$363,850	\$15,666	4.5%
Tax Administration	\$11,290,612	\$10,945,000	\$12,931,071	\$1,986,071	18.1%
IRS Taxpayer Services	\$2,156,554	\$2,156,554	\$2,408,803	\$252,249	11.7%
IRS Enforcement	\$5,022,178	\$4,860,000	\$5,399,832	\$539,832	11.1%
IRS Operations Support	\$3,798,942	\$3,638,446	\$4,743,258	\$1,104,812	30.4%
IRS Business Systems Modernization	\$312,938	\$290,000	\$379,178	\$89,178	30.8%
<i>Less, IRS Cap Adjustment</i>	<i>\$0</i>	<i>\$0</i>	<i>\$667,297</i>	<i>\$667,297</i>	<i>NA</i>
IRS Total, Excluding Cap Adjustment	\$11,290,612	\$10,945,000	\$12,263,774	\$1,318,774	12.0%
Subtotal, Treasury Appropriations Committee	\$12,629,000	\$12,288,704	\$14,328,751	\$2,040,047	16.6%
Treasury Forfeiture Fund	(\$836,000)	(\$869,000)	(\$875,000)	(\$6,000)	0.7%
Total, Treasury Appropriations Committee	\$11,793,000	\$11,419,704	\$13,453,751	\$2,034,047	17.8%
Total, Cap Adjustment	\$0	\$0	\$667,297	\$667,297	NA
Total, Treasury Appropriations Committee Excluding Cap Adjustment	\$11,793,000	\$11,419,704	\$12,786,454	\$1,366,750	12.0%
Treasury International Programs	\$2,690,229	\$2,454,304	\$2,901,846	\$447,542	18.2%
Economic Growth, National Security and Poverty	\$2,075,449	\$1,999,804	\$2,063,853	\$64,049	3.2%
Food Security	\$163,000	\$30,000	\$74,930	\$44,930	149.8%
World Bank Environmental Trust Funds	\$428,280	\$401,000	\$548,563	\$147,563	36.8%
Debt Relief	\$0	\$0	\$124,500	\$124,500	NA
Office of Technical Assistance (OTA)	\$23,500	\$23,500	\$28,000	\$4,500	19.1%
Middle East Transition Fund	\$0	\$0	\$0	\$0	NA
International Monetary Fund	\$0	\$0	\$62,000	\$62,000	NA
Total	\$14,483,229	\$13,874,008	\$16,355,597	\$2,481,589	17.9%

¹In FY 2015, TFI was established as a separate appropriation. The Administration includes TFI activities in the Departmental Offices Salaries and Expenses appropriation in FY 2016.

Overview

The Fiscal Year (FY) 2016 President's Budget requests \$14.3 billion in annual discretionary appropriations for the Department of the Treasury's operating accounts. Of this amount, \$667 million is provided through a program integrity cap adjustment for tax enforcement activities estimated to yield net deficit reduction of \$41 billion over the next ten years. Treasury continues to identify operational savings across programs, while making key investments to foster economic growth and opportunity, fight financial crimes, protect taxpayers and promote fair and effective revenue collection, encourage small business lending, support struggling homeowners, and responsibly manage the U.S. government's financial resources. The Budget also proposes a permanent cancellation of \$875 million in Forfeiture Fund balances. In addition, the Budget proposes \$2.9 billion for Treasury's International programs in order to promote our national security, open new markets for U.S. exporters, and address key global challenges such as food security and the environment.

The Budget aligns with the Department's *FY 2014 to 2017 Strategic Plan*, Agency Priority Goals, and Federal Priority Goals.¹ The Congressional Justification also serves as the Department's Annual Performance Report and Plan.

¹ Per the GPRA Modernization Act, P.L. 111-352, requirement to address Federal Goals in the agency Strategic Plan and Annual Performance Plan, please refer to Performance.gov for information on Federal Priority Goals and the agency's contributions to those goals, where applicable.

Treasury Strategic Goal: Promote Domestic Economic Growth and Stability while Continuing Reforms to the Financial System

Treasury is committed to promoting economic growth that allows citizens and businesses to have more confidence in the safety and soundness of the financial system.

Supporting Small Businesses

The Small Business Jobs Act of 2010 created the Small Business Lending Fund (SBLF) and the State Small Business Credit Initiative (SSBCI). The SBLF helps increase the availability of credit to small businesses by providing capital to community banks and community development loan funds with assets under \$10 billion. In its first round of funding, SSBCI allocated \$1.5 billion to strengthen state programs that leverage private capital and support lending to small businesses and small manufacturers that are creditworthy but unable to access the credit needed to grow and create jobs in their communities. From FY 2011 through FY 2013, SSBCI programs in all 50 states supported over \$4.1 billion in loans and investments to 8,500 small businesses across the country — creating or saving more than 95,000 American jobs, as reported by the small businesses who received the loans and investments.

The Budget proposes a new authorization of \$1.5 billion for SSBCI to build on the momentum of the program's first round, strengthen the federal government's relationships with state economic development agencies, and provide capital to America's diverse community of entrepreneurs. This additional \$1.5 billion would be awarded in two allocations: \$1 billion awarded on a competitive basis to states best able to target local market needs, promote inclusion, attract private capital for

start-up and scale-up businesses, strengthen regional entrepreneurial ecosystems, and evaluate results; and \$500 million awarded by a formula based on economic factors such as job losses and pace of economic recovery.

Supporting Economic Growth and Opportunity

The Budget proposes \$233.5 million for the Community Development Financial Institutions (CDFI) Fund to promote economic development investments in low-income and underserved communities. Of the total request, \$35 million — an increase of \$13 million from FY 2015 — for the Administration’s Healthy Food Financing Initiative will support increased availability of affordable, healthy food options for Americans living in food deserts.

The CDFI Fund will begin administering in FY 2016 a second round of awards under the Capital Magnet Fund (CMF). In December 2014, the Federal Housing Finance Agency (FHFA) directed Fannie Mae and Freddie Mac to begin allocating funds to CMF as authorized by the Housing and Economic Recovery Act of 2008 (HERA). The purpose of CMF is to make awards to CDFIs and qualified nonprofit housing providers to increase capital investment for the development, preservation, rehabilitation, and purchase of affordable housing for low-income families and for related economic development activities.

The Budget proposes legislation to extend the CDFI Bond Guarantee program, established by the Small Business Jobs Act of 2010, through FY 2017 with an annual guarantee level not to exceed \$1 billion to provide a source of long-term capital to CDFIs that support lending in underserved communities. The Budget also proposes reforms to the program to increase participation and ensure credit-worthy CDFIs have access to this

important source of capital while continuing to maintain strong protections against credit risk. The CDFI Bond Guarantee program will continue to operate at no budgetary cost for new guarantees issuances.

Treasury proposes to implement a new \$300 million fund from mandatory appropriations to support Pay for Success projects. A growing number of state and local governments are using the Pay for Success model to finance preventive social programs that can provide savings to the federal government while improving outcomes for families and communities. Emerging Pay for Success projects are hampered by an inability to leverage savings across both levels of government and also government programs and by a lack of rigorous data. A Pay for Success fund will be designed to ensure that taxpayers get better returns for funds expended and government assets are protected by supporting for projects that show measurable outcomes resulting in greater federal savings and programmatic efficiency.

Improving Retirement Security

Many Americans lack access to workplace retirement savings plans, which is usually the most effective way to save for retirement. The risk of an insecure retirement is especially great for women, minorities, and low-income Americans. Treasury is supporting the Administration’s effort to improve retirement security by implementing a safe, simple, and affordable “starter” retirement savings program called myRA. Launched in December 2014 as a pilot for a group of small, medium and large employers, myRA is a retirement savings option with a new type of Roth IRA investment that has no start-up cost, no fees and no minimum contributions. The investment is backed by the U.S. Treasury and the account carries no risk of losing money. Through regular, automatic contributions from a paycheck,

myRA is a safe, simple and affordable way for individuals to start saving for retirement.

Implementing Financial Reform

The Budget provides resources to continue implementation of the comprehensive financial reforms included in the Dodd-Frank Wall Street Reform and Consumer Protection Act. These reforms place tougher limits on risk-taking by financial institutions in order to promote financial stability and protect the American people.

In FY 2016, Treasury will strengthen the capabilities of the Federal Insurance Office and invest in enhanced coordination and oversight of regulatory reform through the Financial Stability Oversight Council (FSOC). The Budget also reinvests savings to support U.S. efforts to encourage international trade and investment partners to implement corresponding financial reforms and safeguards — a key element to preventing or mitigating future crises.

Winding Down the Troubled Asset Relief Program

The actions taken under the Troubled Asset Relief Program (TARP), along with other emergency measures put in place by the Board of Governors of the Federal Reserve System and the Federal Deposit Insurance Corporation (FDIC), helped prevent the collapse of the U.S. financial system and stabilize the economy during the recent financial crisis. As a result of careful stewardship of the program and improved financial conditions, the ultimate cost of TARP investments to taxpayers has dropped from an estimated \$341 billion in FY 2009 to \$37.4 billion as of September 30, 2014 (\$20 billion when Treasury's additional AIG receipts are included). While winding down investment programs, Treasury continues TARP programs designed to help struggling homeowners avoid foreclosure.

Stabilizing the Housing Market

Using authority granted under the Emergency Economic Stabilization Act (EESA), Treasury established two central housing programs under TARP, the Making Home Affordable (MHA) program and the Hardest Hit Fund (HHF). Treasury also used its authority to support the Federal Housing Administration's (FHA) Short Refinance Program. In total, more than 2.2 million homeowner assistance actions have taken place under MHA programs. The Hardest Hit Fund provides \$7.6 billion to 18 states and the District of Columbia to provide assistance to struggling homeowners through locally tailored programs administered by each respective housing finance agency. To date, 19 housing finance agencies have drawn a total of \$4.8 billion under the HHF.

Recently, Treasury and HUD announced enhancements to MHA programs designed to better assist struggling homeowners and communities still recovering from the effects of the financial crisis. The enhancements will help motivate borrowers to continue making modified mortgage payments, strengthen the safety net for homeowners facing continuing financial hardships, and help homeowners in MHA programs build equity in their homes, an important element in stabilizing distressed neighborhoods.

Treasury Strategic Goal: Enhance U.S. Competitiveness and Job Creation, and Promote International Financial Stability and More Balanced Global Growth

Encouraging International Economic Growth and Stability

Treasury works bilaterally and multilaterally to foster strong, sustainable, and balanced global growth; support free trade and open markets; promote a level playing field for U.S. financial institutions; maintain stable international financial markets; encourage

foreign investment in the United States while protecting national security; and use leadership positions in international financial institutions to pursue U.S. strategic and economic policy goals.

The Department's \$2.9 billion FY 2016 International Programs Budget request provides a cost effective way to promote our national security, expand markets for American businesses, and address key global challenges, including poverty, conflict, climate change, and food insecurity. The request includes funding for capital increases and replenishments at multilateral development banks, as well as contributions to several targeted funds and funding for Treasury's Office of Technical Assistance.

A well-resourced and effective IMF is indispensable to protecting the health of the U.S. economy, enhancing the prosperity of American workers, and achieving our national security interests. Our request proposes appropriations and authorization language to increase the U.S. quota in the IMF and simultaneously reduce, by an equal amount, U.S. participation in the IMF's New Arrangements to Borrow. This language is necessary to complete IMF reforms that preserve the U.S. veto and our influence at the IMF. These reforms do not increase the current U.S. financial commitment to the IMF. We are prepared to work with Congress on funding approaches that secure passage of these critical reforms as soon as possible..

Treasury Strategic Goal: Fairly and Effectively Reform and Modernize Federal Financial Management, Accounting, and Tax Systems

Data Transparency

The Budget provides funding for efforts to increase transparency and accountability in federal financial management and implement

the Digital Accountability Transparency Act of 2014 (DATA Act). The DATA Act continues the reporting required under the Federal Funding Accountability and Transparency Act; requires additional federal spending data to be displayed on USAspending.gov; and requires establishment of government-wide financial data standards for any federal funds made available to or expended by federal agencies and entities receiving federal funds. Treasury is committed to implementing the DATA Act in a way that not only increases spending transparency but also improves government decision-making and increased operational efficiency through better access to data.

Internal Revenue Service

The Internal Revenue Service (IRS) collects more than 90 percent of federal revenue and interacts with virtually every American. Resources invested in the bureau represent a smart investment for taxpayers, returning nearly \$4 for every dollar invested. In recent years, a lack of sufficient funding for the IRS has had major implications for taxpayers and the tax system. Despite IRS's crucial role in our government, FY 2015 marks five years of Congress reducing the agency's funding, which is now \$1.2 billion lower than in FY 2010. As a result, taxpayers face longer wait times on the phone, and it takes longer for the IRS to respond to taxpayer correspondence. A sustained deterioration in taxpayer service combined with reduced enforcement activity could create serious long-term risk for the U.S. tax system, which relies on voluntary compliance. The IRS supports this compliance by addressing millions of taxpayers' questions in their efforts to comply with the law.

The Budget provides the IRS with \$12.3 billion in base discretionary resources, an increase of \$1.3 billion from FY 2015, to begin restoring taxpayer services to

acceptable levels. Funds are also provided to continue major IT projects which aim to protect taxpayer information, modernize antiquated systems, continue development of a state-of-the-art online taxpayer experience, and build efficiencies throughout the agency while continuing to fund system development due to new legislative mandates including the Foreign Account Tax Compliance Act (FATCA) and the Affordable Care Act (ACA).

The Budget also proposes a \$667 million cap adjustment to support program integrity efforts aimed at restoring enforcement of current tax laws to acceptable levels and to help reduce the tax gap. This multi-year effort is expected to generate \$60 billion in additional revenue over the next ten years at a cost of \$19 billion, thereby reducing the deficit by \$41 billion. The targeted investments made in FY 2016 are expected to generate nearly \$2.8 billion in annual revenue once fully operationalized in FY 2018, returning nearly \$6 to the government for every dollar invested for these initiatives.

Restoring Gulf Coast Communities

The Resources and Ecosystems Sustainability, Tourist Opportunities, and Revived Economies of the Gulf Coast States Act of 2012 (RESTORE Act) established the Gulf Coast Restoration Trust Fund (Trust Fund) to maintain the civil and administrative penalties arising from the *Deepwater Horizon* oil spill. Treasury serves oversight, administrative, compliance, and audit roles to help ensure that funds are expended as required by the RESTORE Act, and works with the Gulf Coast Restoration Council to administer these funds in supporting economic and environmental restoration in the Gulf Coast region. The Budget proposes legislation that will allow Departmental Offices to draw resources from the Trust Fund to carry out its responsibilities.

Treasury Strategic Goal: Safeguard the Financial System and Use Financial Measures to Counter National Security Threats

The Office of Terrorism and Financial Intelligence (TFI) oversees and marshals Treasury's intelligence, enforcement, and economic sanctions functions in support of U.S. national security policies and interests. The Budget provides \$109.3 million to support these efforts.

Treasury is leading the U.S. effort to undermine the Islamic State of Iraq and the Levant's (ISIL) finances as part of the comprehensive U.S. strategy to disrupt, degrade, and ultimately defeat the terrorist group. Representative of the comprehensive approach to counter ISIL, Treasury is working closely with the State Department, the Department of Defense, domestic and foreign law enforcement, the intelligence community, and the international community to undermine disrupt ISIL's revenue streams; to restrict ISIL's access to the international financial system; and impose sanctions on ISIL's senior leadership and financial facilitators to disrupt its ability to operate.

Safeguarding the Financial System

The Budget provides \$113 million for the Financial Crimes Enforcement Network (FinCEN) to support Treasury's efforts to safeguard the financial system from illicit use, combat money laundering, and promote national security through the collection, analysis, and dissemination of financial intelligence and strategic use of financial authorities. FinCEN is applying its information gathering, analytic, and policy resources, along with its international relationships with foreign financial intelligence units, to combat threats posed by groups such as ISIL. FinCEN's work is focused on the collection, analysis, and

dissemination of financial intelligence information.

Collection of Major Asset Forfeitures Supports Deficit Reduction

The Treasury Forfeiture Fund received over \$833.5 million in forfeitures and recoveries in FY 2014. The success of Treasury's asset forfeiture program allows the Department to make priority investments in law enforcement and national security, without requesting additional resources from taxpayers. Further, it enables Treasury to contribute to deficit reduction with a proposed permanent cancellation of \$875 million from the Forfeiture Fund's unobligated balances in FY 2016.

Improving the Cybersecurity of Our Nation's Financial Sector

Cyber risks to financial institutions and markets are growing in both frequency and sophistication. A cyber-attack by a state or non-state actor could paralyze our economy and cause significant long-term damage. Treasury is working to reduce the risks from cyber-attacks by helping to improve the financial sector's resilience to such attacks and by investing in Treasury's own defenses and infrastructure.

Treasury Strategic Goal: Create a 21st-Century Approach to Government by Improving Efficiency, Effectiveness, and Customer Interaction

Treasury will continue to manage Treasury's resources as effectively and efficiently as possible, creating the best value for all constituents.

Improving Digital Services

The success rate of government digital services is improved when agencies have digital service experts on staff with modern digital product design, software engineering,

and product management skills. The FY 2016 Budget includes funding to establish a Treasury Digital Service team that will focus on transforming the Department's digital services with the greatest impact to taxpayers and businesses so they are easier to use and more cost-effective to build and maintain.

Increasing Shared Services

Treasury will continue to focus on achieving cost savings for American taxpayers, modernizing operations, and increasing productivity by governing strategically, working smarter, and leveraging technology. Increasing the use of shared services and better leveraging strategic sourcing for federal procurement will help achieve these goals.

Assess the Future of Currency, Including the Penny

The production and circulation of currency in the United States have been largely unchanged for decades, despite the growth in electronic financial transactions. Treasury is continuing its comprehensive review of U.S. currency, including a review of both the production and use of coins, in order to efficiently promote commerce in the 21st century. This review includes alternative metals, the United States Mint facilities, and consumer behavior and preferences. Treasury expects to announce the results of its review this fiscal year.

The Budget includes a plan to relocate the Bureau of Engraving and Printing's Washington, D.C. facility to a facility more appropriate for modern currency production.

Savings Proposals

As a result of Treasury's ongoing efforts to improve efficiency, reduce costs, and streamline operations, the Department has been able to propose over \$1.1 billion in savings in its budget submissions over the past five years.

FY 2016 President's Budget by Strategic Goal

(Dollars in thousands)

Treasury Goal/Objective	Promote domestic economic growth and stability while continuing reforms of the financial system		Enhance U.S. competitiveness and job creation, and promote international financial stability and more balanced global growth		Fairly and effectively reform and modernize federal financial management, accounting, and tax systems		Safeguard the financial system and use financial measures to counter national security threats		Create a 21st-century approach to government by improving efficiency, effectiveness and customer interaction		Total	
	Direct \$	Reimb. \$	Direct \$	Reimb. \$	Direct \$	Reimb. \$	Direct \$	Reimb. \$	Direct \$	Reimb. \$	Direct \$	Reimb. \$
Management & Financial	503,934	42,007	85,621	24,399	531,245	229,269	248,675	69,782	28,205	7,717	1,397,680	373,175
Departmental Offices Salaries and Expenses	68,010	17,565	85,621	24,399	45,995	16,010	114,696	55,782	17,515	7,717	331,837	121,474
Department-wide Systems and Capital Investments Program									10,690		10,690	0
Office of Inspector General					14,416	2,000	21,000	11,000			35,416	13,000
Treasury Inspector General for Tax Administration					167,275	1,500					167,275	1,500
Special Inspector General for TARP	40,671										40,671	0
Community Development Financial Institutions Fund	233,523	0									233,523	0
Financial Crimes Enforcement Network							112,979	3,000			112,979	3,000
Alcohol and Tobacco Tax and Trade Bureau	48,654	3,024			52,785	3,276					101,439	6,300
Bureau of the Fiscal Service	113,076	21,418			250,774	206,483					363,850	227,901
Tax Administration	0	0	0	0	12,931,071	125,275	0	0	0	0	12,931,071	125,275
IRS Taxpayer Services					2,408,803	34,600					2,408,803	34,600
IRS Enforcement					5,399,832	37,675					5,399,832	37,675
IRS Operations Support					4,743,258	53,000					4,743,258	53,000
Business Systems Modernization					379,178						379,178	0
Total, Treasury Appropriations Committee	503,934	42,007	85,621	24,399	13,462,316	354,544	248,675	69,782	28,205	7,717	14,328,751	498,450
Treasury International Programs			2,901,846								2,901,846	0
Total, Appropriated Level	503,934	42,007	2,987,467	24,399	13,462,316	354,544	248,675	69,782	28,205	7,717	17,230,597	498,450
Non-Appropriated Bureaus	176,191	5,678,045	0	0	0	0	0	21,137	0	0	176,191	5,699,182
Office of Financial Stability (Administrative Account)	155,066										155,066	0
Small Business Lending Fund Program (Administrative)	15,039										15,039	0
State Small Business Credit Initiative (Administrative)	6,086										6,086	0
Financial Stability Oversight Council		19,316									0	19,316
Office of Financial Research		108,105									0	108,105
Bureau of Engraving and Printing		863,940									0	863,940
United States Mint		3,595,307									0	3,595,307
Office of the Comptroller of the Currency		1,091,377						21,137			0	1,112,514
Subtotal, Direct \$	680,125		2,987,467		13,462,316		248,675		28,205		17,406,788	
Subtotal, Reimbursable \$		5,720,052		24,399		354,544		90,919		7,717		6,197,632
Total, Treasury Level	6,400,178		3,011,867		13,816,860		339,594		35,922		23,604,420	

1/ Total does not include the proposed \$875 million Forfeiture Fund permanent cancellation.

Fiscal Year Comparison of Full-Time Equivalent (FTE) Staffing (Direct and Reimbursable)

(Dollars in Thousands)

Appropriation	2014 Actual			2015 Enacted			2016 President's Budget		
	Direct	Reimb.	Total	Direct	Reimb.	Total	Direct	Reimb.	Total
Departmental Offices Salaries and Expenses	1,154	157	1,311	781	184	965	1,312	163	1,475
Terrorism and Financial Intelligence	0	0	0	377	39	416	0	0	0
Office of Inspector General	13	166	179	194	19	213	194	19	213
Treasury Inspector General for Tax Administration	740	2	742	835	2	837	859	2	861
Special Inspector General for TARP	165	0	165	192	0	192	192	0	192
Community Development Financial Institutions Fund	76	0	76	79	0	79	87	0	87
Financial Crimes Enforcement Network	279	0	279	345	1	346	343	1	344
Alcohol and Tobacco Tax and Trade Bureau	460	10	470	473	10	483	509	10	519
Bureau of the Fiscal Service	1,676	714	2,390	1,636	714	2,350	1,586	701	2,287
Internal Revenue Service	84,142	619	84,761	81,473	730	82,203	90,718	768	91,486
Subtotal, Treasury Appropriated Level	88,705	1,668	90,373	86,385	1,699	88,084	95,800	1,664	97,464
Office of Financial Stability (Administrative Account)	99	22	121	87	20	107	75	19	94
Small Business Lending Fund Program	15	0	15	19	0	19	19	0	19
State Small Business Credit Initiative	10	0	10	11	0	11	9	0	9
Office of Financial Research	189	0	189	257	0	257	301	0	301
Working Capital Fund	0	5	5	0	0	0	0	0	0
Treasury Franchise Fund	0	1,460	1,460	0	1,643	1,643	0	1,786	1,786
Bureau of Engraving and Printing	0	1,844	1,844	0	1,944	1,944	0	1,924	1,924
United States Mint	0	1,661	1,661	0	1,874	1,874	0	1,774	1,774
Office of the Comptroller of the Currency	0	3,891	3,891	0	3,959	3,959	0	3,959	3,959
Pay for Success	0	0	0	0	0	0	14	0	14
Terrorism Insurance Program	6	0	6	10	0	10	10	0	10
Total	89,024	10,551	99,575	86,769	11,139	97,908	96,228	11,126	107,354

1/ In a few cases, FTE numbers have been updated since data entry was completed in the OMB database. The numbers presented in this table are the most current estimates.

2/ A portion of Fiscal Service's Reimbursable/Fee FTE is funded by fee revenue as authorized by the Debt Collection Improvement Act (DCIA) of 1996.

3/ IRS FY 2014-2016 Direct FTE include 3 FTE funded from the Federal Highway Transportation Authority Account; IRS FY 2014 Direct FTE Actuals include 6 positions funded through a transfer from the CMS HIRIF account for the Affordable Care Act. IRS FY 2016 Direct FTE includes 858 FTE funded from User Fees.

Summary of FY 2016 Increases and Decreases

(Dollars in Thousands)

	DO	DSCIP	OIG	TIGTA	SIGTARP	CDFI	FinCEN	TTB	Fiscal Service	IRS	Total	Offsetting Fees/ Cancellations/ Rescissions	Total, Treasury Appropriations Committee
FY 2015 Enacted	\$322,500	\$2,725	\$35,351	\$158,210	\$34,234	\$230,500	\$112,000	\$100,000	\$348,184	\$10,945,000	\$12,288,704	(\$869,000)	\$11,419,704
Adjustment to Request Maintaining Current Levels (MCLs)	(\$13,522)	\$0	(\$484)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$14,006)	\$0	(\$14,006)
	\$5,251	\$0	\$549	\$2,557	\$772	\$437	\$1,896	\$1,687	\$5,888	\$200,677	\$219,714	\$0	\$219,714
Non-Recurring Costs	(\$3,255)	(\$2,725)	\$0	\$0	\$0	(\$523)	\$0	\$0	\$0	\$0	(\$6,503)	\$0	(\$6,503)
Efficiency Savings	(\$395)	\$0	\$0	(\$84)	\$0	(\$84)	(\$726)	(\$248)	(\$8,480)	(\$18,431)	(\$28,448)	\$0	(\$28,448)
Other Adjustments	\$0	\$0	\$0	\$0	\$5,665	\$0	\$0	\$0	\$0	\$0	\$5,665	\$0	\$5,665
Adjustments to Base	(\$11,921)	(\$2,725)	\$65	\$2,473	\$6,437	(\$170)	\$1,170	\$1,439	(\$2,592)	\$182,246	\$176,422	\$0	\$176,422
FY 2016 Base	\$310,579	\$0	\$35,416	\$160,683	\$40,671	\$230,330	\$113,170	\$101,439	\$345,592	\$11,127,246	\$12,465,126	(\$869,000)	\$11,596,126
Program Decreases	\$0	\$0	\$0	\$0	\$0	(\$18,000)	(\$191)	(\$1,000)	(\$1,530)	\$0	(\$20,721)	\$0	(\$20,721)
Program Reinvestments	\$700	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$16,025	\$16,725	\$0	\$16,725
Program Increases	\$20,558	\$10,690	\$0	\$6,592	\$0	\$21,193	\$0	\$1,000	\$19,788	\$1,120,503	\$1,200,324	\$0	\$1,200,324
Program Integrity Cap Adjustment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$667,297	\$667,297	\$0	\$667,297
Subtotal, Program Changes	\$21,258	\$10,690	\$0	\$6,592	\$0	\$3,193	(\$191)	\$0	\$18,258	\$1,803,825	\$1,863,625	\$0	\$1,863,625
Change to Offsetting Fees/Cancellations/Rescissions	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$6,000)	(\$6,000)
FY 2016 President's Budget	\$331,837	\$10,690	\$35,416	\$167,275	\$40,671	\$233,523	\$112,979	\$101,439	\$363,850	\$12,931,071	\$14,328,751	(\$875,000)	\$13,453,751

1/ Total resources for FY 2016 includes a \$875 million Forfeiture Fund cancellation.

2/ Total Efficiency Savings for Treasury is \$28.456 million. BEP and Mint savings of \$7.757 million are not reflected in the chart above.

ORGANIZATION

Throughout its rich history, Treasury's core mission has not changed. With approximately 100,000 employees in its ranks, Treasury remains the steward of the U.S. economy —taking in revenue, meeting financial obligations, and, when appropriate, borrowing and investing public funds. In recent years, Treasury's role has expanded to include being a leader in safeguarding and growing the nation's economy. Treasury is organized into the Departmental Offices, seven bureaus, and three inspectors general. The Departmental Offices are primarily responsible for policy formulation, while the bureaus are the operating units of the organization.

DEPARTMENTAL OFFICES

Domestic Finance works to preserve confidence in the U.S. Treasury securities market, effectively manage federal fiscal operations, strengthen financial institutions and markets, promote access to credit, and improve financial access and education in service of America's long-term economic strength and stability.

International Affairs protects and supports U.S. economic prosperity and national security by working to foster the most favorable external environment for sustained jobs and economic growth in the United States.

Terrorism and Financial Intelligence marshals the Department's intelligence and enforcement functions with the twin aims of safeguarding the financial system against illicit use and combating rogue nations, terrorist facilitators, weapons of mass destruction proliferators, money launderers, drug kingpins, and other national security threats.

Economic Policy reports on current and prospective economic developments and assists in the determination of appropriate economic policies. The office is responsible for the review and analysis of domestic economic issues and developments in the financial markets.

Tax Policy develops and implements tax policies and programs, reviews regulations and rulings to administer the Internal Revenue Code, negotiates tax treaties, and provides economic and legal policy analysis for domestic and international tax policy decisions. Tax Policy also provides revenue estimates for the President's Budget.

The **Treasurer of the United States** has direct oversight over the U.S. Mint and Bureau of Engraving and Printing and chairs the Advanced Counterfeit Deterrence Steering Committee and is a key liaison with the Federal Reserve. In addition, the Treasurer serves as a senior advisor to the Secretary in the areas of community development and public engagement.

The **Office of Management**, including the Chief Financial Officer (CFO), is responsible for managing the Department's financial resources and overseeing Treasury-wide programs, including human capital, information technology, acquisition, and diversity and inclusion efforts.

Three inspectors general – **the Office of the Inspector General (OIG), the Treasury Inspector General for Tax Administration (TIGTA), and the Special Inspector General for the Troubled Asset Relief Program (SIGTARP)** – provide independent audits, investigations, and oversight of the Department of the Treasury and its programs.

Other offices include **General Counsel, Legislative Affairs, and Public Affairs**.

BUREAUS

The ***Alcohol and Tobacco Tax and Trade Bureau (TTB)*** collects federal excise taxes on alcohol, tobacco, firearms, and ammunition; and is responsible for enforcing and administering laws covering the production, use, and distribution of alcohol products.

The ***Bureau of Engraving and Printing (BEP)*** develops and produces U.S. currency notes that are trusted worldwide.

The ***Financial Crimes Enforcement Network (FinCEN)*** safeguards the financial system from illicit use and combats money laundering and promotes national security through the collection, analysis, and dissemination of financial intelligence and strategic use of financial authorities.

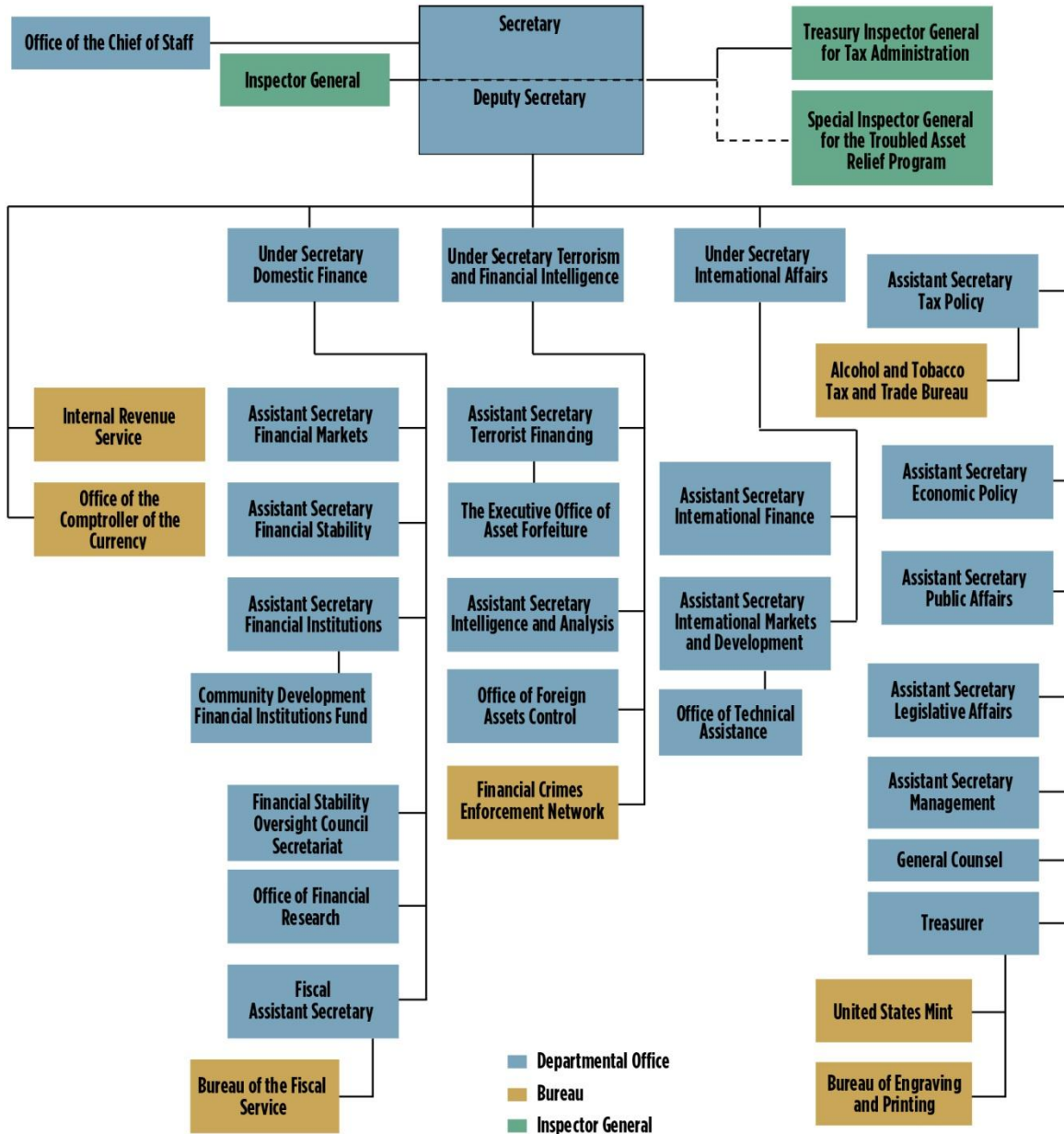
The ***Bureau of the Fiscal Service (Fiscal Service)*** —previously the Financial Management Service and the Bureau of the Public Debt —provides central payment services to federal program agencies, operates the U.S. government’s collections and deposit systems, provides government-wide accounting and reporting services, and manages the collection of delinquent debt owed to the U.S. government. In addition, the Fiscal Service borrows the money needed to operate the U.S. government through the sale of marketable, savings, and special-purpose (including the state and local government series) U.S. Treasury securities, and accounts for and services the public debt.

The ***Internal Revenue Service (IRS)*** is the largest of the Department’s bureaus and determines, assesses, and collects tax revenue in the United States.

The ***United States Mint (U.S. Mint)*** designs, mints, and issues U.S. circulating and bullion coins; prepares and distributes numismatic coins and other items; and strikes Congressional Gold Medals and other medals of national significance. The Mint maintains physical custody and protection of most of the nation’s gold and all of its silver assets.

The ***Office of the Comptroller of the Currency (OCC)*** charters, regulates, and supervises national banks and federal savings associations (thrifts) to ensure that they operate in a safe and sound manner, provide fair access to financial services, treat customers fairly and comply with applicable laws and regulations. The OCC also supervises federal branches and agencies of foreign banks and has rule-making authority for all savings associations.

DEPARTMENT OF THE TREASURY ORGANIZATIONAL CHART



TREASURY'S FISCAL YEAR 2014-2017 STRATEGIC FRAMEWORK

The strategic framework comprises the Department's strategic goals and objectives. All bureaus and offices align their programs within this framework, which forms the basis for organizational performance management across the agency.

	Strategic Goals	Strategic Objectives	Contributing Bureaus/Offices
Economic	Goal 1: Promote domestic economic growth and stability while continuing reforms of the financial system	1.1: Promote savings and increased access to credit and affordable housing options 1.2: Wind down emergency financial crisis response programs 1.3: Complete implementation of financial regulatory reform initiatives, continue monitoring capital markets, and address threats to stability 1.4: Facilitate commerce by providing trusted and secure U. S. currency, products, and services for use by the public	Domestic Finance International Affairs Economic Policy BEP Fiscal Service OCC TTB U.S. Mint
	Goal 2: Enhance U.S. competitiveness and job creation, and promote international financial stability and more balanced global growth	2.1: Promote free trade, open markets, and foreign investment opportunities 2.2: Protect global economic and financial stability and press for market-determined foreign exchange rates 2.3: Advance U.S. economic, financial, and national security goals by leveraging multilateral mechanisms 2.4: Provide technical assistance to developing countries working to improve public financial management and strengthen their financial systems	International Affairs TFI Economic Policy Tax Policy
Financial	Goal 3: Fairly and effectively reform and modernize federal financial management, accounting, and tax systems	3.1: Improve the efficiency and transparency of federal financial management and government-wide accounting 3.2: Improve the disbursement and collection of federal funds and reduce improper payments made by the U.S. government 3.3: Pursue tax reform, implement the Patient Protection and Affordable Care Act, and Foreign Account Tax Compliance Act, and improve the execution of the tax code	Domestic Finance Tax Policy Fiscal Service IRS TTB
Security	Goal 4: Safeguard the financial system and use financial measures to counter national security threats	4.1: Identify priority threats to the financial system using intelligence analysis and outreach to the financial sector 4.2: Develop, implement, and enforce sanctions and other targeted financial measures 4.3: Improve the cybersecurity of our nation's financial sector critical infrastructure 4.4: Protect the integrity of the financial system by implementing, promoting, and enforcing anti-money laundering and counterterrorism financing standards	TFI Domestic Finance FinCEN OCC
Management	Goal 5: Create a 21st-century approach to government by improving efficiency, effectiveness and customer interaction	5.1: Increase workforce engagement, performance, and diversity by instilling excellence, innovation, and inclusion in Treasury's organizational culture and business practices 5.2: Support effective, data-driven decision-making and encourage transparency through intelligent gathering, analysis, sharing, use, and dissemination of information 5.3: Promote efficient use of resources through shared services, strategic sourcing, streamlined business processes, and accountability 5.4: Create a culture of service through relentless pursuit of customer value	All Offices and Bureaus, led by the Office of Management

FISCAL YEAR 2014 PERFORMANCE BY STRATEGIC GOAL

GOAL 1: PROMOTE DOMESTIC ECONOMIC GROWTH AND STABILITY WHILE CONTINUING REFORMS OF THE FINANCIAL SYSTEM

Economic growth stimulates opportunity, mobility, and security for Americans – and allows citizens and businesses to have more confidence in the safety and soundness of the financial system. In the FY 2014-2017 strategic plan, Treasury commits to promoting domestic economic stability in response to the 2008 financial crisis, building and strengthening domestic financial institutions and markets, and identifying emerging issues requiring Treasury’s leadership. An additional priority under this goal is to stimulate domestic economic growth by facilitating commerce and promoting savings, access to credit, and affordable housing options.

In FY 2014, Treasury made notable progress toward achieving its strategic objectives under this goal. As indicated in “Table 1: Summary of Goal One Performance,” major strides were made in winding down emergency financial crisis response programs, extending affordable housing programs to more Americans, and implementing major pieces of the financial regulatory reform required under the *2010 Dodd-Frank Wall Street Reform and Consumer Protection Act*.

In particular, after consulting with the Office of Management and Budget (OMB) on performance in this area, Treasury determined that “noteworthy progress” is being made toward achieving Objective 1.2, “Wind down emergency financial crisis response programs,” based on the success of the Troubled Asset Relief Program (TARP).

WHAT’S NEXT?

Treasury is focused on pursuing opportunities to increase coordination with industry and government partners to execute the latest rules and to obtain high-quality data to monitor threats to the market. Treasury is also taking steps to address the ever-increasing demand for improved services, including more sophisticated and accessible currency and timely permitting and label approval for alcohol and tobacco businesses. Specifically, Treasury plans to pursue the following actions in FY 2015:

- Work with Congress to extend the State Small Business Credit Initiative (SSBCI) authorization and to advance housing finance reform legislation
- Complete rulemakings for Dodd-Frank implementation and develop rulemaking to streamline and clarify the federal labeling and formula requirements for alcoholic beverages
- Complete the remaining pending evaluations of the Community Development Financial Institutions (CDFI) Fund programs
- Continue the transition of the currency quality assurance program and submit alternative metals research to Congress

IN FOCUS: HELPING AMERICAN COMMUNITIES GROW

The 40,500 residents of economically depressed Sumter, South Carolina will see an estimated 1,600 new jobs in their community over the next decade as a result of the construction of a new million-plus square foot manufacturing facility.



Continental Tire’s new facility will expand the international automotive supplier’s operations in the United States. The project received a combined \$57.06 million loan from the Community Reinvestment Fund, National Development Council, and People Incorporated Financial Services as a result of the New Markets Tax Credit Program administered by Treasury’s CDFI Fund. Ninety percent of the new jobs created, which offer competitive wages, will be entry level. These types of jobs are desperately needed in Sumter, where the unemployment rate is about 1.5 times the national average (as of September 2014).

TABLE 1: SUMMARY OF GOAL ONE PERFORMANCE

Strategic Objective	Key Areas of Progress (◆) and Challenges (≈)
1.1 Promote savings and increased access to credit and affordable housing options	<ul style="list-style-type: none"> ◆ Helped increase housing affordability by extending the Making Homes Affordable Program through 2016 and entering into a partnership with the Department of Housing and Urban Development (HUD) to help increase affordable options for renters ◆ Held the first successful auction of the Floating Rate Note, the first new Treasury security in 15 years, which will expand the U.S. investor base and provides more options to investors ◆ Provided more than 32,621 affordable housing units through the CDFI Program, New Markets Tax Credit Program, and Capital Magnet Fund lending and investing in FY 2014 ◆ Introduced <i>myRA</i>, a simple, safe and affordable retirement savings option designed for Americans who do not have access to an employer-sponsored retirement plan ◆ Small business lending at participating banks has grown \$13.8 billion over the baseline ≈ Sales of retail securities continue to decline due to low interest rates and product complexity
1.2 Wind down emergency financial crisis response programs	<ul style="list-style-type: none"> ◆ As of September 2014, Troubled Asset Relief Program (TARP) collections, including proceeds from non-TARP AIG-shares sales, exceed total disbursements by \$14.5 billion ◆ The Capital Purchase Program has generated \$226.3 billion in proceeds for taxpayers through FY 2014, with 43 institutions remaining in the program (\$624.9 million in outstanding investments) ◆ Completed the disposition of all remaining shares of General Motors in December 2013 and, subsequent to Treasury’s sale of approximately 102 million shares in the initial public offering (IPO) of Ally, began selling additional shares of Ally common stock through a pre-defined written trading plan ≈ Most of the largest mortgage servicers participating in the Making Home Affordable housing programs need minor or moderate improvement in their compliance with program requirements, according to the most recent Quarterly Servicer Assessment
1.3 Complete implementation of financial regulatory reform initiatives, continue monitoring capital markets, and address threats to stability	<ul style="list-style-type: none"> ◆ Issued the Modernization Report required by Dodd-Frank, which makes recommendations in the areas of insurance sector solvency and marketplace regulation ◆ Made solid progress in standardizing essential data, including issuing more than 300,000 Legal Entity Identifiers (LEIs) to organizations in 186 countries ◆ Issued final rules implementing the Volcker Rule and Basel III capital rules ≈ Coordination with domestic and international actors is resource intensive ≈ Timely and robust data (and analytical capability) are vital to monitoring markets and identifying threats, but building the environment and infrastructure are costly
1.4 Facilitate commerce by providing trusted and secure U.S. currency, products, and services for use by the public	<ul style="list-style-type: none"> ◆ Launched a currency reader distribution pilot program in 2014 to increase accessibility for the blind and visually impaired ◆ Met increased demand for currency while implementing operational efficiencies ◆ Began circulating the redesigned \$100 Federal Reserve note, which includes several new security features ◆ Expanded the use of TTB’s Permits Online system, and improvements are in progress to support faster processing times for new businesses seeking a federal alcohol permit ◆ Removed a significant barrier to wine export trade by launching a consolidated export certificate for wine exports to China ◆ Hosted an infrastructure investment summit that brought together private investors and state and local government officials to build partnerships and develop strategies to close the infrastructure investment gap ≈ Increasing complexity of currency design and evolving customer needs require more complex and costly materials, production technologies, and employee skill sets to maintain high-quality notes ≈ Current legislation restricts changes to metal composition, size, and weight of coinage ≈ Growth in the alcohol beverage industry and increasing product innovation have increased the demand for TTB approvals, resulting in longer lead times to meet requirements that are pre-conditions to commerce

KEY: ◆ indicates an area of progress; ≈ indicates an area of challenge

GOAL 2: ENHANCE U.S. COMPETITIVENESS AND JOB CREATION, AND PROMOTE INTERNATIONAL FINANCIAL STABILITY AND MORE BALANCED GLOBAL GROWTH

Treasury protects and supports American economic prosperity by strengthening the external environment for U.S. growth, preventing and mitigating global financial instability, and managing key global challenges. Over the next three years, the Department will continue to work with international partners to open new opportunities for American businesses and workers, level the playing field for U.S. firms doing business abroad, develop sound international financial regulatory standards consistent with domestic reforms, promote economic stability in strategically important countries, and leverage U.S. leadership positions in the International Financial Institutions (IFIs) to promote U.S. policy priorities around the world.

In FY 2014, Treasury made progress using a sometimes limited set of policy tools while facing major challenges. As indicated in “Table 2: Summary of Goal Two Performance,” evolving global geopolitical and financial crises and slowing economic growth in key regions and countries required Treasury to shift its focus away from some longer-term goals in favor of more immediate priorities. Despite this, Treasury successfully advocated for the prioritization of growth strategies in the Group of 20 (G-20), advanced negotiations for critical trade agreements, and made progress promoting financial stability in Europe. After consulting with OMB on performance in this goal, Treasury determined that “significant challenges” exist to achieving Objective 2.3, “Advance U.S. economic, financial, and national security goals by leveraging multilateral mechanisms,” due largely to the need for Congress to approve the 2010 International Monetary Fund (IMF) Quota and Governance Reforms and insufficient support for multilateral assistance priorities, including arrears.

WHAT’S NEXT?

Although progress toward this goal has been hampered by the challenges highlighted above, Treasury aims to bolster the impact of its efforts through expanded and additional bilateral and multilateral engagements in priority regions.

Specifically, Treasury plans to pursue the following actions in FY 2015:

- Secure congressional approval of the 2010 IMF Quota and Governance Reforms Proposal
- Gain congressional support for Treasury’s International Programs budget proposal, which includes U.S. contributions to multilateral organizations in which the U.S. seeks to maintain a leadership position
- Continue to negotiate tax treaties and international guidelines on the provision of official export financing
- Advance the financial services sections of the major trade agreements currently being negotiated, such as the Trans-Pacific Partnership, the Trade in Services Agreement, and the US-EU Trans-Atlantic Trade and Investment Partnership

IN FOCUS: Providing Assistance Abroad to Safeguard Stability at Home

For more than 20 years, International Affairs’ Office of Technical Assistance (OTA) has helped developing and transitional countries build their capacity to manage government finances more effectively, deliver essential public services, and grow their economies. Such assistance is also in the U.S. national interest as building strong economic governance regimes supports financial sector stability and fosters robust trade and investment relations. Currently, OTA operates in 44 countries with 100 active programs (see map below).



TABLE 2: SUMMARY OF GOAL TWO PERFORMANCE

Strategic Objective	Key Areas of Progress (◆) and Challenges (≈)
2.1 Promote free trade, open markets, and foreign investment opportunities	◆ Negotiations of free trade agreements have progressed in key economic hubs such as the Asia-Pacific region; Commitments secured through bilateral engagements including the U.S.-India Economic and Financial Partnership and the U.S.-China Strategic and Economic Dialogue
	◆ During the fiscal year, the Office of Tax Policy prepared for and testified before the Senate Foreign Relations Committee to recommend seven bilateral tax treaties that have been negotiated by the Office on behalf of the United States
	≈ Evolving global economic and geopolitical conditions affect counterparts’ priorities and willingness to make concessions in negotiations
	≈ The strengthening US economy yielded a corresponding increase in the number and complexity of cases before the Committee on Foreign Investment in the United States (CFIUS), complicating interagency coordination of the national security reviews
2.2 Protect global economic and financial stability and press for market-determined exchange rates	◆ Have worked to stabilize the European financial system (Ireland and Portugal successfully exited from IMF programs and the Greece IMF program financing gap was resolved)
	◆ Made significant contributions to crisis response through Treasury’s Financial Attaché in Moscow and the rapid provision of a loan guarantee and technical assistance to Ukraine
	◆ Refocused the G-20 to consider growth strategies and successfully added global rebalancing to the Leaders’ Summit Agenda
	≈ Evolving global geopolitical, economic, and financial crises require Treasury to rapidly shift its focus and limited resources away from longer-term priorities
2.3 Advance U.S. economic, financial, and national security goals by leveraging multilateral mechanisms	◆ Treasury’s Development Impact Honor Awards Program successfully highlighted the benefits of multilateral approaches to development
	◆ Continued to successfully encourage the use of systems for measuring, monitoring, and incorporating development results in Multilateral Development Bank operations
	≈ Treasury’s work at the IMF is unnecessarily complicated by the U.S.’s status as the only country yet to approve the 2010 IMF Quota and Governance Reforms
	≈ The U.S. could potentially lose influence in IFIs, as overdue U.S. contributions continue to accumulate over time due to funding constraints
2.4 Provide technical assistance to developing countries working to improve public financial management and strengthen their financial systems	◆ Treasury had success in building relationships with foreign counterparts; 100 projects are currently active in 44 countries, and programs received a 3.7 out of 5 in FY 2014 internal evaluations for “traction” (which measures engagement with counterparts)
	◆ A robust annual programmatic review has been instituted for all active projects before funding is allocated for the year; the review process includes defining priorities and measures for programs
	◆ The Office of Technical Assistance (OTA) supported successful reforms by several jurisdictions previously cited by the Financial Action Task Force for serious non-compliance with anti-money laundering and counterterrorism financing standards
	≈ Programmatic impact can be outside of Treasury’s control; programs received a 2.9 out of 5 in FY 2014 internal evaluations for “impact” (which measures achievement of desired changes); rising cost of program administration from third parties limiting project selection

KEY: ◆ indicates an area of progress; ≈ indicates an area of challenge

GOAL 3: FAIRLY AND EFFECTIVELY REFORM AND MODERNIZE FEDERAL FINANCIAL MANAGEMENT, ACCOUNTING, AND TAX SYSTEMS

Treasury is entrusted with managing the nation's finances, which includes collecting money due to the United States, making payments owed by the United States, and financing the federal government by, in addition to collecting revenue, determining and executing a borrowing strategy that meets the federal government's needs at the lowest cost over time. It also includes accounting for, and reporting on, the U.S. government's finances to the American people. Sound financial management enables continual operation of essential government services and allows Treasury to meet its financial obligations while minimizing borrowing costs.

Treasury made great strides during FY 2014, as indicated in "Table 3: Summary of Goal Three Performance." Treasury began work to increase the usability of USA Spending.gov, created a centralized service to help federal executive branch agencies reduce improper payments, and implemented tax-related provisions of both the Patient Protection and Affordable Care Act (ACA) and the Foreign Account Tax Compliance Act (FATCA). Treasury made additional progress in improving payment accuracy through continued implementation of the "Do Not Pay" Business Center, which uses data to review the eligibility of government beneficiaries. Furthering Treasury's efforts, the IRS combatted tax refund fraud by using analytics to identify tax preparers who submit incorrect or fraudulent tax returns. Despite this progress, tight budget constraints facing the IRS resulted in fewer resources and missed opportunities in enforcement and service.

After consulting with OMB on performance in this area, Treasury determined that "noteworthy progress" was made toward achieving Objective

3.2, "Improve the disbursement and collection of federal funds and reduce improper payments made by the U.S. government," due to achievements in converting to electronic transactions. However, Treasury's future efforts face "significant challenges" due to the difficulty in making further gains toward the objective.

WHAT'S NEXT?

In the face of continued resource limitations and increasing requirements, including the implementation of new legislative requirements, Treasury plans to pursue the following in FY 2015:

- Implement the Digital Accountability and Transparency Act (DATA) and improve IRS level of service to taxpayers, which will require Congress to approve increase funding to the IRS and Fiscal Service
- Gain approval of legislative proposals to improve debt collection and reduce Earned Income Tax Credit errors
- Build stronger relationships with the tax community and government partners to increase voluntary tax reporting and payment compliance

IN FOCUS: Treasury Assists States in Collecting Delinquent Debts

In July 2014, the Bureau of the Fiscal Service (Fiscal Service) released its FY 2013 Annual Report to the States on the Treasury Offset Program's (TOP) Delinquent Debt Collection. The report details each state's success in collecting delinquent debts through a unique partnership with the federal gov

State Reciprocal Program. Debts successfully recovered through TOP include delinquent child support and state income tax obligations, unemployment insurance compensation fraud debts, and more.



"The Fiscal Service is proud of the work we have done in collecting more than \$3.0 billion in delinquent debts for the states in FY 2013, including \$1.9 billion of delinquent child support," said Fiscal Service Commissioner Sheryl Morrow. "The simple premise of the offset program is that Treasury should not pay those individuals or businesses that have failed to meet their government obligations without first applying that money to the delinquent obligation."

TABLE 3: SUMMARY OF GOAL THREE PERFORMANCE

Strategic Objective	Key Areas of Progress (◆) and Challenges (≈)
3.1 Improve the efficiency and transparency of federal financial management and government-wide accounting	◆ Improvements made to the reliability of the Financial Report of the U.S. Government include making progress in establishing the General Fund as a reporting entity and meeting with 35 agencies to create Agency Scorecards to facilitate review of agency performance in financial reporting
	◆ Treasury will receive its 15 th clean audit opinion on the Agency Financial Report (AFR) and the Schedules of Federal Debt in FY 2014 and continues to report accurately on the Monthly and Daily Treasury Statements
	◆ Since Treasury assumed program responsibility for USAspending.gov in February 2014, Treasury began usability improvements to the website and plans to launch an improved site in March 2015
	≈ Encourage innovation from federal agencies and stakeholders to make data more accessible and easier to use, through implementation of the DATA Act
3.2 Improve the disbursement and collection of federal funds and reduce improper payments made by the U.S. government	◆ Implementation of the Paperless Treasury Initiative resulted in the percentage of electronic payments increasing from 77 percent in FY 2006 to 94 percent in FY 2014
	◆ Completion of the Collections and Cash Management Modernization initiative resulted in an increase in the percentage of revenue collected (settled) electronically from 79 percent in FY 2006 to 98 percent in FY 2014
	◆ Treasury created a centralized portal and data analytics service, which provides payment verification information for Federal executive branch agencies to help reduce improper payments
	≈ Further progress in increasing electronic payments will necessitate changing taxpayers' behavior to achieve voluntary compliance because current law does not mandate electronic payments for tax refunds, including prepaid cards currently used for benefit payments to those without bank accounts
	≈ Legislation is needed to allow for more debt collection tools as well as additional data sources for the Do Not Pay program to reduce improper payments
3.3 Pursue tax reform, implement the Patient Protection and Affordable Care Act (ACA) and Foreign Account Tax Compliance Act (FATCA), and improve the execution of the tax code	◆ Issued a notice that takes targeted action to reduce the benefits of corporate tax inversions
	◆ Treasury implemented tax-related provisions of both the ACA and FATCA, including publishing major regulatory guidance, and completing 57 FATCA agreements in substance and signing 35 FATCA agreements in FY 2014
	◆ In FY 2014, the IRS suspended or rejected 5.0 million suspicious tax returns and stopped or prevented 1.8 million returns worth more than \$10.0 billion to combat identity theft
	◆ The Office of Tax Policy continued providing support for the ongoing efforts to achieve tax reform
	◆ TTB successfully pursued criminal convictions for the illicit trade of alcohol and tobacco products, with millions in tax liabilities identified
	◆ TTB made advancements in tobacco science to support its pursuit of regulatory remedies to address enforcement challenges related to tax rate differentials on certain tobacco products
	≈ The evolving scope and increasing complexity of international tax administration presents an increasing implementation challenge, especially when faced with continued reductions in resources, limited time to make changes, and the need to collaborate with domestic and international partners to enforce the law
	≈ Treasury anticipates future growth in IRS call volumes and walk-in site visits
	≈ Diversion schemes used to evade excise taxes on alcohol and tobacco products continue to grow and evolve, depriving governments and legitimate businesses of revenue
≈ The constrained budget environment of recent years has major implications for service to taxpayers, enforcement of the tax laws, and the overall administration of the tax system	

KEY: ◆ indicates an area of progress; ≈ indicates an area of challenge

GOAL 4: SAFEGUARD THE FINANCIAL SYSTEM AND USE FINANCIAL MEASURES TO COUNTER NATIONAL SECURITY THREATS

Treasury works to protect the integrity of the financial system and advance key national security and foreign policy objectives through: outreach, coordination, and collaboration with public and private sector partners; regulation, enforcement, financial intelligence analysis; and targeted financial activities and measures. The Department looks for opportunities to aid the President's financial stability and foreign policy agenda and develop creative alternatives to intervention, or, in the case of the latter, military action where possible – including identifying, monitoring, and targeting key issues, economic and financial trends, and national security threats in order to avoid key disruptions to economic or national security.

Treasury also works with industry and government partners to foster the resilience of the financial sector's critical infrastructure. As the Sector Specific Agency for Financial Services, defined under Presidential Policy Directive 21, "Critical Infrastructure Security and Resilience," Treasury participates in interagency and cross sector initiatives and plays a key coordinating role in managing responses to disruptive events. While Treasury's sector-specific responsibilities include all hazards, whether natural or manmade, in recent years, the Department has increasingly focused on promoting improvements in cybersecurity across the financial sector.

After consulting with OMB on performance in this area, Treasury determined that Objective 4.2, "Develop, implement, and enforce sanctions and other targeted financial measures," made "noteworthy progress" due to precedent-setting work being done with targeted financial measures other than sanctions and to TFI's response to rapidly increasing demands for the use of these tools. See "Table 4: Summary of Goal Four Performance" for key highlights of progress and challenges.

IN FOCUS: Focusing Enforcement Efforts on High-Priority Threats

Treasury, through the Office of Terrorism and Financial Intelligence (TFI), is responsible for safeguarding the financial system from abuse by illicit actors. FinCEN, a bureau reporting to the undersecretary of TFI, has an area of responsibility that constitutes tens of thousands of financial institutions in the United States and abroad. It is essential to take a risk-based, intelligence-driven approach to enforcement. Consequently, one of Treasury's FY 2014-2015 Agency Priority Goals (APG) is to *employ a proactive, intelligence-driven approach to focus enforcement efforts against high priority threats.*

Since the inception of this APG, FinCEN, among other achievements, developed a number of new advanced analytics algorithms, implemented a series of business rules to assist in the identification of financial activity related to terror finance and child-related crimes, and, as a result of improved processes and prioritizing strategies, FinCEN provided 370 intelligence products related to national security priorities in FY 2014.

See www.performance.gov for additional information on this APG.

WHAT'S NEXT?

Treasury will focus on keeping pace with the rapid evolution of the financial industry and the threat landscape, including the proliferation of virtual currencies. Specifically, Treasury plans to pursue the following actions to sustain or improve progress:

- Continue support of the administration's national security and foreign policy goals through the development and implementation of both traditional and non-traditional sanctions regimes
- Continue rule-making for long-term anti-money laundering and counter terrorist financing priorities
- Gain congressional support for Treasury's cybersecurity budget proposal to strengthen Treasury run systems
- Continue ongoing information sharing, incident management, and resilience activities with public and private sector partners on critical infrastructure and cybersecurity issues

TABLE 4: SUMMARY OF GOAL FOUR PERFORMANCE

Strategic Objective	Key Areas of Progress (◆) and Challenges (≈)
4.1 Identify priority threats to the financial system using intelligence analysis and outreach to the financial sector	◆ Treasury intelligence resources pivoted swiftly to support the U.S. response to the Islamic State of Islam and Levant (ISIL) and the Ukraine crisis while remaining focused on sustained priorities
	◆ Hosted a sanctions outreach and educational symposium that drew approximately 500 attendees
	≈ Sharing and properly using intelligence within the community, and with foreign partners and the financial sector, is an ongoing challenge due to differences in process and increasing workload
	≈ The virtual currency world is rapidly changing, requiring Treasury to respond and adapt quickly
4.2 Develop, implement, and enforce sanctions and other targeted financial measures	◆ Treasury actively managed financial sanctions programs and tools, including by taking individuals and entities off lists due to changed behavior and adding key individuals and entities to help achieve specific missions and broader national security goals
	◆ Forfeiture funds significantly contributed to law enforcement agencies, including in high priority third party money laundering cases by the Department of Homeland Security, the IRS, and FinCEN
	◆ As the U.S. Government worked with P5+1 partners to address Iran’s nuclear program, Treasury has provided targeted, reversible sanctions relief, while vigorously enforcing existing sanctions
	◆ Treasury developed new sanctions instruments (including the Sectoral Sanctions Identifications and Foreign Sanctions Evaders lists) to meet increasingly nuanced requirements for targeted sanctions
	◆ Treasury issued a great deal of new guidance to aid in complying with complex Ukraine sanctions
	≈ The use of sanctions and other targeted financial measures has expanded greatly in the last two fiscal years, which has strained available resources
4.3 Improve the cybersecurity of our nation’s financial sector	◆ OCC created a new Senior Infrastructure Officer position who will focus on cybersecurity policy for the federal banking system
	◆ Treasury stood up and expanded the Cyber Intelligence Group to improve the distribution of timely actionable information to the private sector and bolster communication channels and relationships
	≈ Enhancing collaboration with law enforcement and intelligence community partners in developing and disseminating threat and vulnerability trend analyses targeted for financial sector recipients
	≈ Coordinating efforts with the private sector and governmental entities to improve awareness and utility of tools and practices, such as the NIST Cybersecurity Framework, for enhancing the level of cybersecurity resilience in support of financial stability across the financial sector, including dissemination of information suited to smaller local entities and the service providers upon which they depend
4.4 Protect the integrity of the financial system by implementing, promoting, and enforcing anti-money laundering and counterterrorism financing standards	◆ Treasury enhanced bilateral efforts to combat money laundering and financing of terrorism, including by completing the first ever Memorandum of Understanding between the U.S. and Mexico to share supervisory information on money laundering and terrorism financing
	◆ Treasury and FinCEN issued a proposed rule to enhance financial transparency, by strengthening customer due diligence obligations of financial institutions to help prevent the use of anonymous companies to engage in or launder the proceeds of illegal activity in the U.S. financial sector
	◆ Treasury secured civil penalty assessments working with federal partners against certain institutions (HSBC, JP Morgan, etc.) on Bank Secrecy Act (BSA) and money laundering violations
	◆ FinCEN promulgated rules and improved information sharing efforts to help clarify and strengthen standards, including completing the four-year BSA IT modernization investment, which earned the Government Computer News Award and was completed on time and within budget
	◆ OCC incorporated BSA and anti-money laundering standards into how they evaluate national banks and federal savings associations
	◆ FinCEN issued a Geographic Targeting Order (GTO) requiring enhanced reporting by common currency carriers crossing parts of the Southwest Border, which will help law enforcement efforts
	≈ The rapid evolution of the industry (including the proliferation of virtual currencies) will challenge Treasury’s ability to stay ahead of the change and respond appropriately

KEY: ◆ indicates an area of progress; ≈ indicates an area of challenge

GOAL 5: CREATE A 21ST-CENTURY APPROACH TO GOVERNMENT BY IMPROVING EFFICIENCY, EFFECTIVENESS, AND CUSTOMER INTERACTION

Treasury’s future success, both immediate and long term, depends on sustaining and developing the resources required to achieve the Department’s mission. These critical resources include finances, physical assets, technology, and, most importantly, people. In the FY 2014-2017 strategic plan, Treasury committed to capitalizing on 21st century advances in knowledge, methods, and technology to manage resources as effectively and efficiently as possible, creating the best value for all constituents.

During FY 2014, Treasury made progress toward all of its management-focused strategic objectives. As indicated in “Table 5: Summary of Goal Five Performance,” Treasury established a new workforce planning effort, a Data Steward Group to improve data quality, and designated Federal Financial Management Shared Service Providers, which will help improve the government’s efficiency. Additionally, pursuant to OMB guidance to reduce real property costs, Treasury has made progress in implementing a three-year real estate plan for FY 2013 - FY 2015 that identifies tangible actions to freeze or reduce Treasury’s space footprint, including the following strategies:

- Better use of real property by undertaking space alignment efforts including optimization or consolidation of existing space;
- Increase telework, hoteling, and work space sharing; and
- Maximize utilization through improved work station standards.

FY 2012 Baseline Sq. Ft.	FY 2014 Est’d Sq. Ft.	Change from FY 2012
29,992,024	28,296,288	-1,695,736

WHAT’S NEXT?

While Treasury continues to make strides in creating a 21st century approach to government, challenges remain in standardizing data definitions and ensuring high-quality data as well as in sustaining resources focused on building a culture of performance improvement and service. These initiatives take time and Treasury remains committed to fostering an environment where leaders and employees feel encouraged to focus on these important principles of good government. Specifically, Treasury plans to pursue the following actions to sustain or improve progress in FY 2015:

- Finalize plans for a Treasury Senior Executive Service Candidate Development Program
- Adapt Treasury’s QPR process to meet new leadership needs and integrate the SOAR process
- Identify procurement areas in which success is likely to generate large savings on a Department-wide scale

IN FOCUS: Increasing Self-Service Options for Taxpayers

Treasury’s second APG, *increasing self-service options for taxpayers*, aims to increase taxpayer satisfaction by delivering high-quality, timely, innovative, and consistent customer service to better address taxpayer needs, reduce burden, and encourage voluntary compliance. Using analytics and a user-centric approach, the IRS will develop online options as part of its multi-channel service model.

Since the beginning of FY 2014, the IRS has launched several online interactive tools, including the following:

- **IRS Direct Pay:** Provides a low-friction electronic payment option to enable taxpayers to make payments from their bank account without any fees in a single session.
- **e-Authentication, Release 2:** Provides taxpayers a user-friendly way to securely access and use IRS online tools and applications.
- **IRS2Go Mobile Application, Release 4:** Enables taxpayer self-service access to IRS information and services anywhere, anytime, and on any device.

See www.performance.gov for additional information on this APG.

TABLE 5: SUMMARY OF GOAL FIVE PERFORMANCE

Strategic Objective	Key Areas of Progress (◆) and Challenges (≈)
5.1 Increase workforce engagement, performance, and diversity by instilling excellence, innovation, and inclusion in Treasury’s organizational culture and business practices	◆ Treasury implemented an annual Federal Employee Viewpoint Survey (FEVS) analysis, planning, and execution cycle to use the data to improve workforce engagement
	◆ Treasury established a new workforce planning effort, adopting a model to allow bureaus to analyze future workforce requirements and align them to projected mission needs
	◆ A Diversity and Inclusion Executive Steering Committee was developed and a Diversity Plan established, with active participation by bureaus on the committee and in developing specific implementation plans
	◆ Treasury exceeded the Small Business Administration’s small business contracting goals for four consecutive years (FY 2011-2014)
	≈ Treasury has a large number of retirement-eligible employees in key leadership positions, which increases the importance of hiring, training, and retaining emerging leaders
5.2 Support effective data-driven decision-making and encourage transparency through intelligent gathering, analysis, sharing, use, and dissemination of information	◆ Treasury established a Data Steward Group to validate and document the rules that drive data quality and delivery
	◆ Treasury published machine-readable public data listings that developers can leverage to find and use datasets and create new services for the American public
	◆ Treasury improved the speed of Freedom of Information Act (FOIA) request processing and closed ten of its oldest FOIA requests in FY 2014
	◆ Treasury put into place crisis response protocols based on rapidly notifying, collecting, synthesizing, and sharing critical information necessary for senior leadership decision-making during emergencies
	≈ Common definitions and data standards are difficult to establish and monitor; information quality and consistency are difficult to improve across organizational boundaries and within disparate systems within an organization
5.3 Promote efficient use of resources through shared services, strategic sourcing, streamlined business processes, and accountability	◆ Treasury worked with OMB to successfully designate four Federal Financial Management Shared Service Providers, which will help promote the use of shared services government-wide
	◆ Treasury’s use of GSA’s strategic sourcing vehicle for domestic delivery services contracts resulted in a discount savings of 27.9 percent over other contracts (\$6.3 million)
	≈ Data sharing and consistent data analysis is challenging due to multiple contract management systems
	≈ Sustaining the resources to build a performance improvement culture is challenging in an environment of increasing reporting requirements and mission needs
5.4 Create a culture of service through the relentless pursuit of customer value	◆ Several bureaus and offices, including FinCEN, Fiscal Service, Mint, Management, IRS, and TFI, have implemented and are using customer satisfaction surveys to improve program performance and determine priorities
	◆ The IRS and Management have provided internal training and raised employee awareness of customer service best practices
	◆ Leadership in the pursuit of customer value increased in several places, including TTB’s proactive efforts to improve online guidance and electronic filing options and Economic Policy’s efforts to develop popular forecasting models to share with federal partners
	≈ Providing the quality of service expected by customers is challenging in an environment with constrained resources and increasing demand for services
	≈ Late enactment of tax legislation results in a very limited time to prepare adequately for filing season, which impacts the level of service that can be provided

KEY: ◆ indicates an area of progress; ≈ indicates an area of challenge

MANAGEMENT PRIORITIES AND CHALLENGES

Annually, in accordance with the Reports Consolidation Act of 2000, OIG and TIGTA identify the most significant management and performance challenges facing the Department. These challenges do not necessarily indicate deficiencies in performance; rather, some represent inherent risks that require continuous monitoring. Treasury made progress on these issues in fiscal year 2014, and will continue to focus on resolving them during fiscal year 2015 and beyond. However, during fiscal year 2015, the OIG elevated “*Cybersecurity*” from a “Matter of Concern” to a “Management Challenge” as “*Cyber Threats*” and added “*Efforts to Promote Spending Transparency and to Prevent and Detect Improper Payments*,” as a new challenge. Refer to Section C of Part 3, Other Information, for a detailed discussion of these challenges, listed below.

Note: SIGTARP does not provide the Secretary with an annual report on management and performance challenges. SIGTARP, as a special inspector general provides oversight of the Troubled Asset Relief Program, a program that spans several federal agencies, while the OIG and TIGTA provide oversight of the Department and IRS, respectively, and report on its management and performance challenges.

TREASURY-WIDE MANAGEMENT CHALLENGES – AS IDENTIFIED BY OIG

- Cyber Threats
- Continued Implementation of Dodd-Frank
- Management of Treasury’s Authorities Intended to Support and Improve the Economy
- Anti-Money Laundering and Terrorist Financing/Bank Secrecy Act Enforcement
- Efforts to Promote Spending Transparency and to Prevent and Detect Improper Payments
- Gulf Coast Restoration Trust Fund Administration

IRS MANAGEMENT CHALLENGES – AS IDENTIFIED BY TIGTA

- Security for Taxpayer Data and IRS Employees
- Implementing the Affordable Care Act and Other Tax Law Changes
- Tax Compliance Initiatives
- Fraudulent Claims and Improper Payments
- Achieving Program Efficiencies and Cost Savings
- Modernization
- Providing Quality Taxpayer Service Operations
- Globalization
- Taxpayer Protection and Rights
- Human Capital

A summary of the planned corrective actions can be found in the FY 2014 Agency Financial Report; the FY 2016 Budget supports implementation of the identified actions.