

## FY 2020 EXECUTIVE SUMMARY

### FY 2020 President's Budget Discretionary Appropriation Request

(Dollars in Thousands)

	FY 2018 Enacted (post IRS transfer)	2019 Annualized CR Rate (post IRS transfer)	FY 2019 Enacted (post IRS transfer)	FY 2020 President's Budget
<b>Management &amp; Financial</b>	<b>\$1,427,355</b>	<b>\$1,440,180</b>	<b>\$1,458,758</b>	<b>\$1,226,811</b>
Departmental Offices Salaries and Expenses	\$201,751	\$214,576	\$214,576	\$235,973
Committee on Foreign Investment in the United States (CFIUS)	\$0	\$0	\$0	\$20,000
CFIUS Fees	\$0	\$0	\$0	(\$10,000)
<b>Subtotal CFIUS Fund<sup>1</sup></b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$10,000</b>
Terrorism and Financial Intelligence	\$141,778	\$141,778	\$159,000	\$166,712
Cybersecurity Enhancement	\$24,000	\$24,000	\$25,208	\$18,000
Department-wide Systems and Capital Investments Program	\$4,426	\$4,426	\$4,000	\$6,118
Office of Inspector General	\$37,044	\$37,044	\$37,044	\$37,044
Treasury IG for Tax Administration	\$169,634	\$169,634	\$170,250	\$166,000
Special Inspector General for TARP	\$34,000	\$34,000	\$23,000	\$17,500
Community Development Financial Institutions Fund	\$250,000	\$250,000	\$250,000	\$14,000
Bank Enterprise Award, rescind FY 2019 Funding	\$0	\$0	\$0	(\$25,000)
Financial Crimes Enforcement Network	\$115,003	\$115,003	\$117,800	\$124,700
Alcohol and Tobacco Tax and Trade Bureau	\$111,439	\$111,439	\$119,600	\$115,427
Bureau of the Fiscal Service	\$338,280	\$338,280	\$338,280	\$340,337
<b>Tax Administration<sup>2</sup></b>				
IRS Taxpayer Services	\$2,493,554	\$2,506,554	\$2,491,554	\$2,402,000
IRS Enforcement	\$4,617,000	\$4,660,000	\$4,665,600	\$4,705,368
IRS Operations Support	\$3,890,000	\$3,834,000	\$3,918,400	\$4,075,021
<b>Subtotal</b>	<b>\$11,000,554</b>	<b>\$11,000,554</b>	<b>\$11,075,554</b>	<b>\$11,182,389</b>
IRS Business Systems Modernization	\$110,000	\$110,000	\$150,000	\$290,000
Tax Reform Implementation <sup>3</sup>	\$320,000	\$77,000	\$77,000	\$0
<b>IRS Total Excluding Cap Adjustment</b>	<b>\$11,430,554</b>	<b>\$11,187,554</b>	<b>\$11,302,554</b>	<b>\$11,472,389</b>
IRS Cap Adjustment <sup>4</sup>	\$0	\$0	\$0	\$361,571
<b>IRS Total, Including Cap Adjustment</b>	<b>\$11,430,554</b>	<b>\$11,187,554</b>	<b>\$11,302,554</b>	<b>\$11,833,960</b>
<b>Subtotal, Treasury Appropriations excluding Cap Adjustment and TEOAF</b>	<b>\$12,857,909</b>	<b>\$12,627,734</b>	<b>\$12,761,312</b>	<b>\$12,699,200</b>
Treasury Forfeiture Fund Permanent Rescission	(\$1,066,162)	(\$200,000)	(\$200,000)	\$0
<b>Subtotal, Treasury Appropriations including TEOAF</b>	<b>\$11,791,747</b>	<b>\$12,427,734</b>	<b>\$12,561,312</b>	<b>\$12,699,200</b>
<b>Treasury International Programs</b>	<b>\$1,547,698</b>	<b>\$1,547,698</b>	<b>\$1,547,697</b>	<b>\$1,552,205</b>
Multilateral Development Banks	\$1,348,123	\$1,348,123	\$1,348,122	\$1,315,705
Food Security	\$30,000	\$30,000	\$30,000	\$0
Environmental Trust Funds	\$139,575	\$139,575	\$139,575	\$0
Office of Technical Assistance	\$30,000	\$30,000	\$30,000	\$30,000
International Bank for Reconstruction and Development	\$0	\$0	\$0	\$206,500
<b>Total, Treasury Appropriations</b>	<b>\$13,339,445</b>	<b>\$13,975,432</b>	<b>\$14,109,009</b>	<b>\$14,251,405</b>

1/ Total CFIUS funding is \$40 million - includes \$20 million in Departmental Offices and \$20 million in the CFIUS fund (with \$15 million for Treasury). The CFIUS fund will be partially offset by \$10 million in user fees. \$10 million is the initial estimate for FY 2020 partial year fee revenues and are subject to revision once the regulations are finalized.

2/ FY 2018 post transfer levels include a transfer of \$256 million from Taxpayer Services (-\$13 million) and Enforcement (-\$243 million) to Operations Support (+\$256 million). FY 2019 annualized CR post transfer levels include a transfer of \$200 million from Enforcement to Operations Support. FY 2019 enacted includes a transfer of \$194 million from Enforcement to Operations Support.

3/ FY 2019 Annualized CR and enacted includes \$77 million for Tax Cuts and Jobs Act implementation (Taxpayer Services \$65 million, Enforcement \$12 million).

4/ The FY 2020 budget includes a program integrity cap adjustment of \$361 million (Enforcement \$200 million, Operations Support \$162 million).

## **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.

## **OVERVIEW OF REQUEST**

The Budget requests \$12.7 billion in base discretionary resources for the Department of the Treasury's domestic programs, a \$62 million or 0.5 % decrease from the FY 2019 enacted level. It also requests \$1.6 billion for Treasury's international programs, a \$4.5 million or 0.3 % increase from the FY 2018 enacted level. The Budget:

- Provides \$35 million to fully fund Foreign Investment Risk Review Modernization Act (FIRRMA) implementation (partially offset by an estimated \$10 million in user fees). By modernizing the Committee on Foreign Investment in the United States, FIRRMA improves the government's ability to protect national security while preserving the longstanding open investment policy of the United States. The budget includes funding for Treasury in the Departmental Offices salary and expenses account (\$20 million) and creates a new FIRRMA-specific account to address Committee-wide requirements (\$20 million, including \$15 million for Treasury-specific information technology requirements and \$5 million to support government-wide emerging needs).
- Provides the Internal Revenue Service (IRS) with \$11.5 billion from base discretionary appropriations to collect more than \$3 trillion in revenue, to deliver quality customer service to more than 180 million taxpayers, and to begin to transform systems to improve tax administration over the long-term.
  - The request provides \$290 million for the multi-year IT modernization efforts. Every day, private-sector companies introduce technologies that raise Americans' expectations of the services that they receive from their government. While IRS systems process trillions of tax dollars and hundreds of millions of interactions every year, some using cutting edge technology, it is increasingly difficult to meet these expectations without wholesale changes to the core tax systems. IRS's computing infrastructure cannot keep pace with the desire for instantaneous data, real-time interactions, and taxpayer-centered customer service. The cost to operate the IRS technology ecosystem is quickly becoming prohibitive. The IRS's ability to successfully modernize information technology is critical to our ability to continue to deliver the IRS mission in a cost-effective way.
  - In addition to the amounts above, the request includes a program integrity initiative to support deficit reduction and protect the integrity of the tax system. The FY 2020 Budget investment is \$362 million. Additional resources will be provided in later years. These investments will generate approximately \$47 billion in additional revenue and will cost approximately \$15 billion, yielding estimated net savings of \$32 billion over ten years.
  - The request includes \$4.7 billion in the enforcement account to stabilize staffing, increase future audit rates, improve predictive modeling of tax compliance risk areas, and increase the number of identity theft criminal investigations.
- Provides \$236 million for Treasury Departmental Offices to address priorities: fully fund FIRRMA implementation, strengthen financial-sector wide cybersecurity vulnerability detection and response, and respond to growing workload with an increase for Domestic Finance policy and Management staff.

- Provides \$167 million for Treasury's Office of Terrorism and Financial Intelligence (TFI), a \$25 million increase over the FY 2018 enacted level; and \$125 million for the Financial Crimes Enforcement Network (FinCEN), a \$10 million increase over the FY 2018 enacted level. These increases will allow TFI and FinCEN to continue their critical work safeguarding the financial system from abuse and combating other national security threats using non-kinetic economic tools. These additional resources will be deployed to economically isolate rogue regimes, support the Terrorist Financing Targeting Center in Saudi Arabia, implement the Countering America's Adversaries through Sanctions Act, and counter the financial networks that support terrorists, organized transnational crime, weapons of mass destruction proliferators, and other threats.
- Proposes to transfer all alcohol and tobacco responsibilities from the Department of Justice's Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF) to Treasury's Alcohol and Tobacco Tax and Trade Bureau (TTB). This transfer would leverage TTB's resources and expertise relating to the alcohol and tobacco industries and allow ATF to continue to focus on its firearms and explosives mandates, enabling both agencies to more efficiently and effectively carry out their core missions of protecting the public.
- Provides \$1.6 billion for Treasury's International Programs to support the most critical investments in multilateral development institutions, while ensuring that U.S. contributions are set at an appropriate level relative to our partner countries. The proposed funding level meets current year U.S. commitments to international financial institutions and maintains funding for the Office of Technical Assistance. The request includes \$206.5 million for the first of up to six installments for International Bank of Reconstruction and Development general and selective capital increases, which upon payment protect U.S. shareholding at the institution.
- Consolidates and streamlines Federal Financial Literacy Education Efforts. The Budget proposes that Federal efforts to promote financial literacy be focused on the high-impact areas of: basic financial capability, housing, higher education, military and veteran programs, and investment and retirement planning. More than 20 Federal agencies have some form of financial education or literacy programs. Collectively, Federal agencies spent an estimated \$250 million on financial literacy and education activities in 2017. Streamlining and consolidating programs and activities will be a multi-year effort.
- Proposes to impose appropriate Congressional oversight of the Treasury Financial Stability Oversight Council and Office of Financial Research (OFR) by subjecting their activities to the normal appropriations process. The Budget continues the reduced level of OFR spending commensurate with the renewed fiscal discipline being applied across the Federal Government.
- Brings accountability and transparency to regulatory oversight functions. The Federal Insurance Office within Treasury is coordinating with state insurance regulators and insurance industry groups to improve oversight and administration of the Terrorism Risk Insurance Program (TRIP), as recommended in Treasury's October 2017 report to the President on asset management and insurance. Treasury is also evaluating reforms, to be included in any legislation extending TRIP beyond its current sunset date of December 31, 2020, to further decrease taxpayer exposure.

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

Appropriation	2018 Actual			2019 Annualized CR			2020 President's Budget		
	Direct	Reimb.	Total	Direct	Reimb.	Total	Direct	Reimb.	Total
Departmental Offices Salaries and Expenses	772	91	863	689	52	741	745	52	797
Terrorism and Financial Intelligence	408	36	444	495	36	531	545	36	581
Cybersecurity Enhancement	8		8	19		19	11		11
Office of Inspector General	161	3	164	166	3	169	166	3	169
Treasury Inspector General for Tax Administration	764	2	766	800	2	802	800	2	802
Special Inspector General for TARP	131		131	125		125	95		95
Community Development Financial Institutions Fund	66		66	66		66	42		42
Financial Crimes Enforcement Network	280	1	281	332	1	333	359	1	360
Alcohol and Tobacco Tax and Trade Bureau	475	10	485	507	10	517	507	10	517
Bureau of the Fiscal Service	1,996	11	2,007	2,089	10	2,099	2,031	10	2,041
Internal Revenue Service funded from regular appropriations	73,518	735	74,253	73,933	521	74,454	72,254	521	72,775
<b>Subtotal, Treasury Appropriated Level</b>	<b>78,579</b>	<b>889</b>	<b>79,468</b>	<b>79,221</b>	<b>675</b>	<b>79,856</b>	<b>77,555</b>	<b>675</b>	<b>78,190</b>
Office of Financial Stability (Administrative Account)	32		32	24		24	20		20
Small Business Lending Fund Program	5		5	4		4	4		4
Capital Magnet Fund	4		4	5		5	6		6
Office of Financial Research	185		185	130		130	145		145
Financial Stability Oversight Council	13		13	18		18	18		18
Treasury Franchise Fund		1,643	1,643		1,919	1,919		2,023	2,023
Bureau of Engraving and Printing		1,748	1,748		1,836	1,836		1,863	1,863
United States Mint		1,545	1,545		1,705	1,705		1,705	1,705
Office of the Comptroller of the Currency		3,840	3,840		3,788	3,788		3,788	3,788
Terrorism Insurance Program	4		4	4		4	4		4
IRS Private Collection Agent Program	23		23	112		112	118		118
<b>Subtotal, Treasury Non-Appropriated Level</b>	<b>266</b>	<b>8,776</b>	<b>9,042</b>	<b>297</b>	<b>9,248</b>	<b>9,545</b>	<b>315</b>	<b>9,379</b>	<b>9,694</b>
<b>Total, Treasury</b>	<b>78,845</b>	<b>9,665</b>	<b>88,510</b>	<b>79,518</b>	<b>9,923</b>	<b>89,401</b>	<b>77,870</b>	<b>10,054</b>	<b>87,884</b>

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

2/ IRS FY 2018 Total FTE is overstated in the President's Budget Appendix by 102 FTE as a result of a reporting error in the Business Systems Modernization account.

3/ Amounts for the IRS exclude the proposed \$362 million program integrity cap adjustment that, if enacted, would increase IRS levels by an estimated 1,760 FTE in FY 2020.

# FY 2020 President's Budget by Strategic Goal

(Dollars in Thousands)

Treasury Goal/Objective	Boost U.S. Economic Growth	Promote Financial Stability	Enhance National Security	Transform Government-wide Financial Stewardship	Achieve Operational Excellence	Total
<b>Management &amp; Financial</b>	\$361,458	\$29,253	\$340,996	\$419,497	\$75,608	\$1,226,811
Departmental Offices Salaries and Expenses						
Committee on Foreign Investment in the United States <sup>1</sup>	\$89,931	\$29,253	\$39,584	\$25,716	\$51,490	\$235,973
Terrorism and Financial Intelligence			\$10,000			\$10,000
Cybersecurity Enhancement			\$166,712		\$18,000	\$166,712
Department-wide Systems and Capital Investments Program					\$18,000	\$18,000
Office of Inspector General				\$37,044	\$6,118	\$6,118
Treasury Inspector General for Tax Administration	\$166,000					\$166,000
Special Inspector General for TARP				\$17,500		\$17,500
Community Development Financial Institutions Fund <sup>2</sup>	(\$9,900)			(\$1,100)		(\$11,000)
Financial Crimes Enforcement Network			\$124,700			\$124,700
Alcohol and Tobacco Tax and Trade Bureau	\$115,427					\$115,427
Bureau of the Fiscal Service						
Tax Administration	\$11,472,389		\$340,337			\$11,472,389
<b>IRS Taxpayer Services</b>	\$2,402,000					\$2,402,000
IRS Enforcement	\$4,705,368					\$4,705,368
IRS Operations Support	\$4,075,021					\$4,075,021
Business Systems Modernization	\$290,000					\$290,000
IRS Cap Adjustment <sup>3</sup>	\$361,571					\$361,571
<b>IRS Total, including Cap Adjustment</b>	<b>\$11,833,960</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$11,833,960</b>
<b>Total, Treasury Appropriations Committee Excluding Cap Adjustment and TEOAF</b>	<b>\$11,833,847</b>	<b>\$29,253</b>	<b>\$340,996</b>	<b>\$419,497</b>	<b>\$75,608</b>	<b>\$12,699,200</b>
Treasury International Programs		\$32,194		\$1,520,011		\$1,552,205
<b>Total, Appropriated Level</b>	<b>\$11,833,847</b>	<b>\$61,447</b>	<b>\$340,996</b>	<b>\$1,939,508</b>	<b>\$75,608</b>	<b>\$14,251,405</b>
<b>Non-Appropriated Accounts</b>						
Office of Financial Stability (Administrative Account)				\$53,469		\$53,469
Terrorism Risk Insurance (Administrative)			\$3,000			\$3,000
Financial Stability Oversight Council	\$5,244	\$5,244				\$10,487
Office of Financial Research	\$37,636	\$37,636				\$75,271
Bureau of Engraving and Printing	\$886,887					\$886,887
United States Mint	\$2,728,168					\$2,728,168
Office of the Comptroller of the Currency	\$872,653	\$218,163				\$1,090,816
Federal Reserve Bank				\$622,786		\$622,786
Reimbursable to the Federal Reserve Banks				\$170,615		\$170,615
Financial Agent Services				\$848,400		\$848,400
<b>Total, Non-Appropriated Level</b>	<b>\$4,530,587</b>	<b>\$261,042</b>	<b>\$3,000</b>	<b>\$1,695,270</b>	<b>\$0</b>	<b>\$6,485,899</b>
<b>Grand Total</b>	<b>\$16,364,433</b>	<b>\$322,489</b>	<b>\$343,996</b>	<b>\$3,634,778</b>	<b>\$75,608</b>	<b>\$20,741,304</b>

1/ Total CFUS funding is \$40 million - includes \$20 million in Departmental Offices and \$20 million in the CFUS fund and are subject to revision once the regulations are finalized.

2/ This reflects a rescission of \$25M in the CDFI Bank Enterprise Award Program

3/ The FY 2020 budget includes a program integrity cap adjustment of \$361 million (Enforcement \$200 million, Operations Support \$162 million).

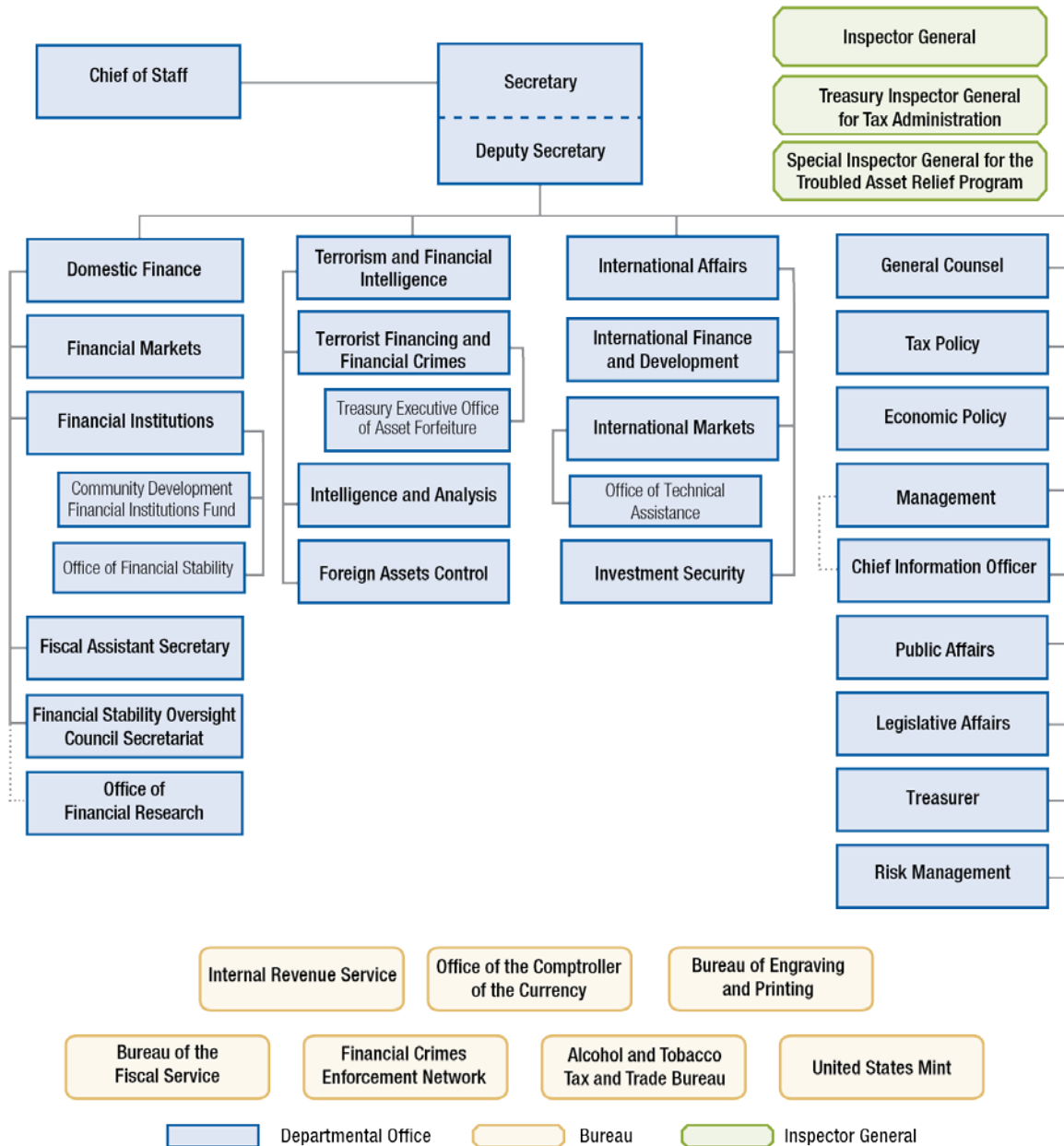
## Summary of FY 2020 Increases and Decreases

(Dollars in Thousands)

	DO	CFUS	TFI	Cyber	DSCP	OIG	TIGTA	SIGTARP	CDFI	FINCEN	TTB	FS	IRS	Total
<b>FY 2019 Annualized CR Rate</b>	<b>\$214,576</b>	<b>\$0</b>	<b>\$141,778</b>	<b>\$24,000</b>	<b>\$4,426</b>	<b>\$37,044</b>	<b>\$69,694</b>	<b>\$34,000</b>	<b>\$250,000</b>	<b>\$15,003</b>	<b>\$111,439</b>	<b>\$38,280</b>	<b>\$11,187,554</b>	<b>\$12,627,794</b>
Maintaining Current Levels (MCLs)	\$1,761		\$1,553			\$193	\$558	\$190	\$138	\$1194	\$1,001	\$2,239	\$50,565	\$59,392
Non-Recurring Costs				(22,349)	(\$4,426)									(\$26,775)
Efficiency Savings/Reinvestment	(\$1,675)		(\$3,830)										(\$109,600)	(\$115,105)
Realignment	\$1,651			(1,651)										\$0
<b>Adjustments to Base</b>	<b>\$1,737</b>	<b>\$0</b>	<b>(\$2,277)</b>	<b>(\$24,000)</b>	<b>(\$4,426)</b>	<b>\$193</b>	<b>\$558</b>	<b>\$190</b>	<b>\$138</b>	<b>\$1,194</b>	<b>\$1,001</b>	<b>\$2,239</b>	<b>(\$59,035)</b>	<b>(\$82,488)</b>
<b>FY 2020 Base</b>	<b>\$216,313</b>	<b>\$0</b>	<b>\$139,501</b>	<b>\$0</b>	<b>\$0</b>	<b>\$37,237</b>	<b>\$170,192</b>	<b>\$34,190</b>	<b>\$250,138</b>	<b>\$116,197</b>	<b>\$112,440</b>	<b>\$340,519</b>	<b>\$11,128,519</b>	<b>\$12,545,246</b>
Program Decreases														
CFUS User Fees		(\$10,000)				(\$281)	(\$4,697)	(\$16,832)	(\$236,182)	(\$2,228)	(\$3,013)	(\$7,915)		(\$271,146)
Program Increases														
Program Increases	19,660	20,000	27,211	\$18,000	\$6,118	88	505	142	44	10,729	6,000	7,733	343,870	\$460,100
Rescission									(25,000)					(\$25,000)
<b>Subtotal, Program Changes</b>	<b>\$19,660</b>	<b>\$10,000</b>	<b>\$27,211</b>	<b>\$18,000</b>	<b>\$6,118</b>	<b>(\$193)</b>	<b>(\$4,192)</b>	<b>(\$16,690)</b>	<b>(\$261,138)</b>	<b>\$8,503</b>	<b>\$2,987</b>	<b>(\$182)</b>	<b>\$343,870</b>	<b>\$153,954</b>
<b>FY 2020 President's Budget funded from discretionary resources</b>	<b>\$235,973</b>	<b>\$10,000</b>	<b>\$166,712</b>	<b>\$18,000</b>	<b>\$6,118</b>	<b>\$37,044</b>	<b>\$166,000</b>	<b>\$17,500</b>	<b>(\$11,000)</b>	<b>\$124,700</b>	<b>\$115,427</b>	<b>\$340,337</b>	<b>\$11,472,389</b>	<b>\$12,699,200</b>
<b>Program Integrity Cap Adjustment</b>													<b>\$361,571</b>	<b>\$361,571</b>
<b>FY 2020 President's Budget including program integrity cap adjustment</b>	<b>\$235,973</b>	<b>\$10,000</b>	<b>\$166,712</b>	<b>\$18,000</b>	<b>\$6,118</b>	<b>\$37,044</b>	<b>\$166,000</b>	<b>\$17,500</b>	<b>(\$11,000)</b>	<b>\$124,700</b>	<b>\$115,427</b>	<b>\$340,337</b>	<b>\$11,833,960</b>	<b>\$13,060,771</b>

# ORGANIZATION

Treasury is organized into the Departmental Offices, seven bureaus, and three offices of Inspector General. The Departmental Offices are primarily responsible for headquarters operations and policy formulation, while the bureaus are the operating units of the organization.



## DEPARTMENTAL OFFICES

### Domestic Finance

confidence in the securities market, strengthen financial institutions and markets, and promote access to credit, in service to long-term economic strength and stability.



works to preserve U.S. Treasury strength and financial



**Terrorism and Financial Intelligence (TFI)** uses unique policy, intelligence, enforcement and regulatory tools and authorities to disrupt and disable terrorists, criminals, and other national security threats while also safeguarding the financial system against abuse by illicit actors.



**International Affairs** protects economic prosperity and national security by working to foster a most favorable external environment for sustained jobs and economic growth.



**Tax Policy** develops and implements tax policies and programs, reviews regulations and rulings to administer the Internal Revenue Code, and provides revenue estimates for the President's Budget.



**Economic Policy** reports on economic developments and assists in the determination of appropriate economic policies. It also reviews and analyzes domestic economic issues and financial market developments.



The **Treasurer of the United States** serves as a principal advisor to the Secretary and leads the Office of Consumer Policy, which provides policy leadership, research, and analysis to foster economic growth and financial security for American families in a robust consumer marketplace. The Treasurer also oversees the U.S. Mint, including advising the Secretary on coinage matters and liaising with the Federal Reserve.



The **Office of Management and Chief Financial Officer** manages the Department's financial resources and oversees Treasury-wide programs, including human capital, organizational performance, information technology, acquisition, and diversity issues.

The **Office of Risk** development and integrated risk



**Management** oversees the implementation of a management framework

for the Department, advising Treasury leaders on managing credit, market, liquidity, fraud, operational, strategic, and reputational risks.



Other offices within Departmental Offices include the **General Counsel**, **Legislative Affairs**, and **Public Affairs**.



## INSPECTORS GENERAL



Three Inspectors General – the **Office of 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 Treasury and our programs.

## BUREAUS



The **Alcohol and Tobacco Tax and Trade Bureau (TTB)** collects federal excise taxes on alcohol, tobacco products, firearms, and ammunition and enforces and administers laws covering production, use, and distribution of alcohol and tobacco products.



The **Bureau of Engraving and Printing (BEP)** develops and produces U.S. currency notes, as well as secure documents for government use.



The **Financial Crimes Enforcement Network (FinCEN)** safeguards the financial system from illicit use and combats money laundering. It also 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)** promotes financial integrity and operational efficiency by operating the U.S. government's collections and deposit systems, and providing central payment services to the American public on behalf of federal agencies. It also manages the collection of delinquent debt, borrows funds needed to operate the U.S. government through the sale of marketable and special-purpose U.S. Treasury securities, and accounts for the resulting debt. Additionally, it delivers administrative shared services to federal agencies and provides government-wide accounting and reporting.

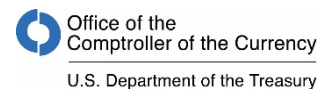


The **Internal Revenue Service (IRS)** determines, assesses, and collects U.S. tax revenue and helps taxpayers understand their tax responsibilities and combats tax-related fraud.



UNITED STATES MINT

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



The **Office of the Comptroller of the Currency (OCC)** charters, regulates, and supervises national banks and federal savings associations as well as federal branches and agencies of foreign banks 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.

# TREASURY STRATEGIC MANAGEMENT

## FRAMEWORK

*The Government Performance and Results Act (GPRA)* and the *GPRA Modernization Act of 2010* require agencies to identify goals, report progress against targets, and conduct data-driven reviews. These practices serve two key purposes for stakeholders within and outside of the organization — to assess the organization’s health and impact, and to enhance effective decision-making and strategy, including resource allocation. In this spirit, Treasury developed a strategic framework using best-in-class organizational performance practices to help achieve our strategic goals and objectives.

## ORGANIZATIONAL PERFORMANCE REVIEW CYCLE

Our organizational performance reviews provide a regular forum for open dialogue and coordination between bureau and departmental policy office management and leadership. We bring together different perspectives to set and align priorities, identify and solve problems, review agency performance, and drive results. The cycle integrates statutory requirements to conduct quarterly performance reviews of agency goals and a Strategic Objective Annual Review (SOAR), which analyzes cross-cutting performance and identifies a set of strategic objectives as priority focus areas.

At designated points throughout the fiscal year, we set annual priorities, evaluate progress, problem-solve around risks and challenges, and assess funding options in the context of performance outcomes. Treasury’s process and framework for managing to our strategic objectives and performance outcomes is described in Table 1 below.

**TABLE 1: STRATEGIC FRAMEWORK**

Sessions	Fall (October – November)	Winter (February – March)	Spring (April – May)	Summer (June – July)
Focus	<b>Organizational Performance</b>	<b>SOAR</b>	<b>Organizational Performance</b>	<b>Budget</b>
Chair	Assistant Secretary for Management/Performance Improvement Officer (ASM/PIO)	ASM/PIO and Deputy PIO	ASM/PIO	ASM/PIO and Budget Officer
Goals/Outcomes	<ul style="list-style-type: none"> <li>Review prior year’s performance at the bureau/office level</li> <li>Set priorities for year ahead</li> <li>Recognize successes</li> <li>Identify shortfalls/accountability</li> </ul>	<ul style="list-style-type: none"> <li>Evaluate cross-agency progress toward strategic objectives</li> <li>Identify strategic shifts/validate Treasury priorities</li> <li>Outline potential topics for annual review with the Office of Management and Budget (OMB)</li> </ul>	<ul style="list-style-type: none"> <li>Assess progress on priorities</li> <li>Identify necessary adjustments/near-term improvements</li> <li>Surface problems or assistance needed</li> <li>Recognize successes</li> <li>Identify shortfalls/accountability</li> </ul>	<ul style="list-style-type: none"> <li>Connect priorities to future funding</li> <li>Explore performance impacts</li> <li>Strengthen information technology acquisition budgeting accountability</li> </ul>

## FY 2018 – 2022 STRATEGIC FRAMEWORK

The strategic framework comprises the Department’s FY 2018–2022 strategic goals and objectives and FY 2018–2019 Agency Priority Goals (APGs), which align to specific objectives. All bureaus and offices align their programs and performance within this framework. FY 2018 marks the first year of implementing our new strategic plan, which emphasizes achieving important outcomes through a series of focused objectives and underlying strategies.

	Strategic Goals	Strategic Objectives/APGs	Contributing Bureaus/Offices
Economic	<b>Goal 1:</b> Boost U.S. Economic Growth	1.1: Tax Law Implementation <i>Aligned APG: Reducing Refund Fraud</i> 1.2: Strong Economic Fundamentals 1.3: Trusted Currency and Services <i>Aligned APG: Improved Business Qualification Process</i> 1.4: Free and Fair Trade	Domestic Finance International Affairs Tax Policy Treasurer Economic Policy IRS BEP U.S. Mint TTB OCC
	<b>Goal 2:</b> Promote Financial Stability	2.1: Housing Finance Reform 2.2: Foreign Exchange Practices 2.3: Foreign Technical Assistance 2.4: Financial Sector Critical Infrastructure and Cybersecurity	Domestic Finance International Affairs Management OCC
Security	<b>Goal 3:</b> Enhance National Security	3.1: Strategic Threat Disruption <i>Aligned APG: U.S. and Mexico Strategic Dialogue on Illicit Finance</i> 3.2: Anti-Money Laundering and Combating Financing of Terrorism Framework 3.3: Economic Strength and National Security	TFI FinCEN International Affairs Economic Policy OCC
Financial	<b>Goal 4:</b> Transform Government-wide Financial Stewardship	4.1: Financial Data Access and Use 4.2: Debt Management 4.3: Federal Financial Performance	Domestic Finance International Affairs IRS Fiscal Service
Management	<b>Goal 5:</b> Achieve Operational Excellence	5.1: Workforce Management 5.2: Treasury Infrastructure 5.3: Customer Value	All Offices and Bureaus, led by the Office of Management

The Government Performance and Results Act (GPRA) and the GPRAMA established the need for agencies to identify performance goals, report progress against targets, and conduct data-driven reviews. These practices serve two key purposes for stakeholders within and outside of the organization: to assess the organization’s health and impact and to inform decision-making and strategy (including effective resource allocation). In this spirit, we developed a strategic framework supported by best-in-class organizational performance practices to help achieve the Department’s strategic objectives.

Our organizational performance reviews provide a regular forum for open dialogue and coordination among Department, bureau, and office leadership and bringing together different perspectives to set and align priorities, identify and solve problems, review agency performance goals, and drive results. The cycle integrates

statutory requirements to conduct performance reviews of agency strategic objectives, agency priority goals, and cross-agency priority goals.

## **AGENCY PRIORITY GOALS**

**Reducing Refund Fraud:** The filing of fraudulent individual and business tax returns by identity thieves continues to have a significant impact on tax administration. Identity theft tax fraud occurs when an individual uses another person's or business' name and Taxpayer Identification Number to file a fraudulent tax return for the purpose of obtaining a tax refund. For processing year 2015, the IRS estimates between \$2.24 billion and \$3.34 billion of identity theft tax refunds were unprotected (i.e., refunds were paid on probable identity theft refund fraud claims and are likely unrecoverable). For processing year 2016, the IRS estimates between \$1.68 billion and \$2.31 billion of identity theft tax refunds were unprotected. That same year, the IRS successfully protected between \$10.56 billion and \$10.61 billion in identity theft refunds (i.e., IRS defenses prevented payment). The IRS is using data analytics and public-private partnerships to reduce the amount of unprotected identity theft tax refunds paid by two percent by December 31, 2019. Progress toward this goal is measured using the IRS's annual Taxonomy, a statistical estimation of the amount of revenue protected and unprotected from identity refund fraud based on analysis and sampling of returns. Although the Taxonomy provides a statistical estimation of fraud detection, the detection methods are evaluated continuously for opportunities to improve detection or reduce taxpayer burden.

**Improved Business Qualification:** Ongoing growth in the alcohol beverage industry in recent years has resulted in an increased volume in permit applications for new alcohol producers. This growth in workload has contributed to delayed permit approvals that exceeded TTB's service standards. Through targeted process improvements, TTB has achieved significant improvement, far exceeding the 20% reduction in processing times targeted for this APG. Reaching the goal of consistently achieving the service standard for original permit applications has proven difficult, with application volumes high and continuing to increase. Despite these challenges, TTB made a significant year-to-year improvement, increasing the percent of permits processed within the 75-day standard from 48% in FY 2017 to 71% in FY 2018. TTB will seek to make performance improvements in FY 2019 through several key strategies, including ongoing enhancements to the new Permits Online system, increased familiarity with the new system by both TTB staff and industry, continued process improvements, and planned rulemaking to streamline the permit application. TTB continues to target high electronic filing rates to support timely processing, and tracks system satisfaction rates to ensure its eGov systems effectively serve and meet the expectations of its customers. System satisfaction rates ended the year at 77%, below the target of 80%; however, TTB expects satisfaction to improve in FY 2019 as prospective and current TTB permittees adapt to the new system features and functionality, and as TTB continues to make progress in timely processing.

**U.S. and Mexico Strategic Dialogue on Illicit Finance:** Established in 2014, the Strategic Dialogue on Illicit Finance (SDIF) was created in an effort to deliver greater economic growth and opportunity for the citizens of Mexico and the United States by safeguarding our financial systems against the threats of illicit finance. SDIF will increase U.S. and Mexican effectiveness against transnational criminal organizations (TCOs), including drug trafficking organizations (DTOs), operating in the United States and Mexico through (SDIF) that focuses on taking enforcement actions, sharing key illicit finance information, safeguarding our financial systems against threats, and increasing the effectiveness and capacity of AML/CFT regimes. Since the 2018 Mexican presidential election, SDIF progress has slowed due to the transition of the newly elected presidency. TFI will continue to monitor Mexico’s progress in appointing the new permanent or temporary SDIF team and will subsequently evaluate next steps for this initiative.

**Treasury’s Annual Organizational Performance Review Cycle**

	<b>Fall</b> (October – November)	<b>Winter</b> (February – March)	<b>Spring</b> (April – May)	<b>Summer</b> (June – July)
<b>Focus</b>	<b>Organizational Performance</b>	<b>Strategic Objective Annual Review (SOAR)</b>	<b>Organizational Performance</b>	<b>Budget</b>
<b>Chair</b>	Chief Operating Officer/ Assistant Secretary for Management (ASM) – Performance Improvement Officer (PIO)	ASM – PIO/ Deputy PIO	Chief Operating Officer/ ASM – PIO	ASM – PIO
<b>Goals/Outcomes</b>	<ul style="list-style-type: none"> <li>Review prior year’s performance at the bureau/office level</li> <li>Set priorities for year ahead</li> <li>Recognize successes</li> </ul>	<ul style="list-style-type: none"> <li>Evaluate cross-agency progress toward strategic objectives</li> <li>Identify strategic shifts/validate Treasury priorities</li> <li>Outline potential topics for annual review with OMB</li> </ul>	<ul style="list-style-type: none"> <li>Assess progress on priorities</li> <li>Identify necessary adjustments/near-term improvements</li> <li>Surface problems or assistance needed</li> <li>Recognize successes</li> </ul>	<ul style="list-style-type: none"> <li>Connect priorities to future funding</li> <li>Explore performance impacts</li> <li>Strengthen IT acquisition, budgeting, and accountability</li> </ul>

In addition to these Department-level reviews, bureaus and offices validate performance data each quarter and many run their own internal performance reviews.<sup>1</sup>

## ENTERPRISE RISK MANAGEMENT

### FRAMEWORK

1/ The FY 2018 Verification and Validation Report is available at: [https://www.treasury.gov/about/budget-performance/annual-performance-plan/Documents/Treasury\\_Measure\\_Verification\\_and\\_Validation.pdf](https://www.treasury.gov/about/budget-performance/annual-performance-plan/Documents/Treasury_Measure_Verification_and_Validation.pdf)

OMB Circular No. A-123, Management's Responsibility for Enterprise Risk Management and Internal Control provides guidance to federal managers to effectively manage risks to achieve strategic objectives. Management, together with the Chief Risk Officer (CRO), is responsible for establishing a governance structure to effectively implement a robust process of risk management and internal control. Successful implementation requires us to establish and foster an open, transparent culture that encourages people to communicate information about potential risks and other concerns.

The CRO monitors regular Risk Management Committee meetings that unite the Departmental Offices to discuss top risks to Departmental goals and objectives, response strategies and lessons learned. The Office of Risk Management (ORM) has also established an Enterprise Risk Management (ERM) Council, chaired by the CRO, which brings together risk managers from each of our bureaus on a regular basis to establish a Department-wide framework and taxonomy for ERM, and share best practices. ORM works with the offices and bureaus across Treasury to monitor and annually update our risk profile.

Beyond its work at Treasury, ORM leads an interagency ERM community of practice including officials from 30 agencies. This group grew from ORM's efforts to support federal agencies in their implementation of ERM, including the July 2016 publication of the *Playbook: Enterprise Risk Management (ERM) for the U.S. Federal Government*. This government-wide working group meets on a bimonthly basis to discuss common risks and various methods of implementing the guidelines of the Circular.

## ENTERPRISE RISKS AND CHALLENGES

Through the FY 2018 SOAR and enterprise risk management process, we identified the following cross-cutting operational risks.

**Workforce Management:** Difficulties hiring and managing the Treasury workforce may create knowledge gaps and a lack of expertise in several areas important to our mission. The increased pressures on existing staff can cause high attrition and low engagement. The current human capital system impedes our ability to shape our workforce and realign it to mission needs.

**Reshaping Priorities:** We have many extremely important ongoing missions and are also at the forefront of several new initiatives to improve and keep our economy on a stable footing. Due to uncertain funding amounts and timing, new or changing legislative requirements, and reduced capacity, there is a risk that we will not be as agile as we should be in balancing new innovations or initiatives with existing requirements or projects.

**Evolving Cyber Climate:** Treasury and the whole financial sector face increasing attacks from cyber criminals and state actors attempting to disrupt or steal data from sensitive systems. The tactics, techniques, and procedures used by perpetrators of these incidents are constantly evolving.

**Limited Analytic Capabilities:** Aging infrastructure can impede analytics capabilities, program innovation, and improved delivery of products and services.

**Critical System Failures:** Reliance on aging technologies could lead to system outages or failures that disrupt core mission work.

## **Human Capital Plan Implementation**

In FY 2020, Treasury's Human Capital Community will continue its efforts towards a competency-based management approach. In alignment with these efforts, below are some of the strategies that are the focus for FY 2019:

- Continued implementation of the Integrated Talent Management System (DASHR-CHCO)
- Explore designing a mentoring program (DASHR-CHCO)
- Develop comprehensive training policy (DASHR-CHCO)
- Finalize competency approach and begin development of competency library(ies) (DASHR-CHCO)
- Establish career ladders to support succession planning for PT/NRC (TTB)
- Increase the quality and quantity of the applicant pool (BEP)
- Enhance hiring strategies and process to better screen applicants (IRS)
- Institutionalize Knowledge Management as a workforce solution (IRS)
- Continue to strengthen the EEO/Diversity & Inclusion Programs across the service (IRS)
- Institute succession planning in support of Mint's Future State to mitigate the loss of institutional knowledge (Mint)
- Support employees impacted by the FY 2019 relocation (BFS)
- Engage in collective bargaining with NTEU over new Performance Management Program including mandatory Diversity and Inclusion elements.
- Close vacancy gaps by executing the FY 2019 hiring surge (FinCEN)

## **Summary of Management and Performance Challenges**

OIG and TIGTA have identified the most significant management and performance challenges facing the Department, in accordance with the Reports Consolidation Act of 2000. These challenges do not necessarily indicate deficiencies in performance; some represent inherent risks that require continuous monitoring. Refer to Section C of *Part 3, Other Information*, in the FY 2018 Treasury Agency Financial Report (AFR) for a detailed discussion of these challenges, including our progress toward addressing them.<sup>2</sup> GAO releases a government-wide high-risk list every two years. Treasury has shared responsibility for one risk area and lead responsibility in another.

### **OIG - Identified Management Challenges:**

- Operating in an Uncertain Environment;
- Cyber Threats;
- Anti-Money Laundering and Terrorist Financing/Bank Secrecy Act Enforcement; and
- Efforts to Promote Spending Transparency and to Prevent and Detect Improper Payments.

### **TIGTA - Identified Management Challenges:**

- Security Over Taxpayer Data and Protection of IRS Resources;
- Implementing the Tax Cuts and Jobs Act and Other Tax Law Changes;
- Identity theft and Impersonation Fraud;
- Providing Quality Tax Pay Service;
- Upgrading Tax Systems and Expanding Online Services;

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<sup>2</sup> The FY 2018 AFR is available at <https://home.treasury.gov/system/files/266/Treasury-FY-2018-AFR-111518.pdf>. The response letters are on pages 184-189.

- Improving Tax Reporting and Payment Compliance;
- Reducing Fraudulent Claims and Improper Payments;
- Impact of Global Economy on Tax Administration;
- Protecting Taxpayer Rights; and
- Achieving Program Efficiencies and Cost Savings.

**GAO - Identified High-Risk Areas:**

- Modernizing the U.S Financial Regulatory System (OFR/FSOC/OCC/Federal Reserve)
- Enforcement of Tax Laws (IRS)

**Good Accounting Obligation in Government Act (GAO-IG Act)**

- In January 2019, the GAO-IG Act become law, requiring each agency to include in its annual budget justification, a report that identifies each public GAO and OIG/TIGTA recommendation that has remained unimplemented for one year or more from the annual budget justification submission date.

Please see <https://home.treasury.gov/about/budget-financial-reporting-planning-and-performance> for more information.

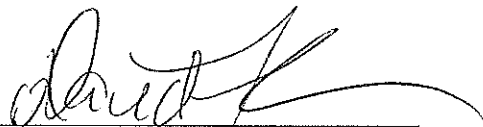


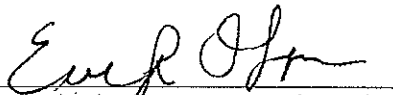
DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C.

FY 2020 PRESIDENT'S BUDGET  
INFORMATION TECHNOLOGY RESOURCE STATEMENTS

We affirm that:

- A. The Chief Information Officer (CIO) collaborated with component CIOs and the Deputy Assistant Secretary for Management and Budget (DASMB) and has reviewed and had significant input in approving the Treasury major IT investments portion this budget request. This review is supported by appropriate estimates of IT resources and includes review of the level of support for major IT programs as well as significant increases and decreases in IT resources.\*
- B. The Department has fully implemented its plan for the Federal IT Acquisition Reform Act (FITARA) Common Baseline element "D" described in OMB M-15-14.
- C. The Department adequately implements incremental development practices.

Signature:   
Treasury Assistant Secretary for Management (ASM)\*\*

Signature:   
Treasury Deputy Assistant Secretary for Information Systems and CIO

*\*The Office of the Comptroller of the Currency (OCC) is not covered under statement A.*

*\*\* The Deputy Assistant Secretary for Management and Budget (DASMB) oversees budget formulation and execution for the Department. The Office of Performance Budgeting (OPB) within the Office of Treasury Management and Budget reports to the ASM. The Director, OPB, serves as the Departmental Budget Director and has responsibility for the formulation and execution of the Department's budget. The ASM is executing this document as the official who is accountable for ensuring budget compliance with the Federal IT Acquisition Reform Act (FITARA).*