

Departmental Offices Salaries and Expenses

Program Summary by Budget Activity

Dollars in Thousands

Budget Activity	FY 2015	FY 2016	FY 2017	FY 2016 TO FY 2017	
	Enacted	Enacted	Request 2/	\$ Change	% Change
DO S&E					
Executive Direction	\$36,002	\$37,943	\$38,240	\$297	0.78%
International Affairs and Economic Policy	\$56,266	\$58,520	\$59,467	\$947	1.62%
Domestic Finance and Tax Policy	\$78,589	\$84,591	\$76,304	(\$8,287)	-9.80%
Treasury-wide Management and Programs	\$39,143	\$41,446	\$43,365	\$1,919	4.63%
Terrorism and Financial Intelligence	\$0	\$0	\$117,000	\$117,000	NA
TFI					
Terrorism and Financial Intelligence 1/	\$112,500	\$117,000	\$0	(\$117,000)	-100.00%
Subtotal, Departmental Offices - S & E	\$322,500	\$339,500	\$334,376	(\$5,124)	-1.51%
DO S&E – Reimbursables 1/	\$130,032	\$123,026	\$102,892	(\$20,134)	-16.37%
TFI Reimbursables	\$18,442	\$6,966	\$0	(\$6,966)	-100.00%
Total Program Operating Level	\$470,974	\$469,492	\$437,268	(\$32,224)	-6.86%
DO S&E - Direct FTE	781	872	1,290	418	47.94%
TFI - Direct FTE	377	377	0	(377)	-100.00%
DO S&E - Reimbursable FTE	184	197	166	(31)	-15.74%
TFI - Reimbursable FTE	39	29	0	(29)	-100.00%
Total FTE	1,381	1,475	1,456	(19)	-1.29%

1/ In FY 2016, the Office of Terrorism and Financial Intelligence (TFI) was funded through a separate appropriation of \$117.0 million, which includes \$27.1 million for administrative support.

2/ The FY 2017 Budget maintains TFI at \$117.0 million and includes TFI activities in the DO S&E appropriation, where it has been each year except FY 2015 and FY 2016.

3/ The Budget also proposes to transfer \$7.0 million from the Gulf Coast Restoration Trust Fund for DO's administration and oversight responsibilities for this program. This funding is not included above.

Summary

Departmental Offices (DO) is the headquarters bureau for the Department of the Treasury. It provides leadership in economic and financial policy, financial intelligence and enforcement, and general management. Treasury utilizes effective management, policies, and leadership to protect our national security through targeted financial actions, to promote the stability of the nation's financial markets, and to ensure the Government's ability to collect revenue and fund its operations. The Department's strategic plan guides program and budget decisions for DO.

The FY 2017 Budget request supports DO's leading role in accomplishing the Treasury strategic goals:

- Promote domestic economic growth and stability while continuing to reform 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; and
- Create a 21st-century approach to government by improving efficiency, effectiveness and customer interaction.

DO FY 2017 Budget Highlights

Dollars in Thousands

Departmental Offices - S & E	FTE	Amount
FY 2016 Enacted	1,249	\$339,500
DO S&E	872	\$222,500
TFI	377	\$117,000

Changes to Base:

Adjustment to Request	(22)	(\$10,050)
Fund RESTORE Act Administrative Expenses from Trust Fund	(14)	(\$7,000)
DO Cybersecurity Enhancements	(2)	(\$1,050)
Digital Infrastructure Security Team	(6)	(\$2,000)
Maintaining Current Levels (MCLs):	-	\$5,312
Pay-Raise	-	\$2,316
Pay Annualization	-	\$682
Non-Pay	-	\$2,314
Non-Recurring Costs:	-	(\$1,050)
Kline-Miller Amendment	-	(\$1,050)
Efficiency Savings:	-	(\$1,430)
TFI Contractual Support	-	(\$1,325)
Virtualization of the Foreign Credit Reporting System	-	(\$105)
Other Adjustments	60	-
Technical FTE Adjustment	60	-
Subtotal Changes to Base	38	(\$7,218)
Total FY 2017 Base	1,287	\$332,282

Program Changes:

Program Decreases:	-	-
Program Increases:	3	\$2,094
Rationalization of the Tax Code	-	\$392
Corporate Bond Yield Curve	1	\$202
Data and Risk Analysis	2	\$1,500
Total FY 2017 Request	1,290	\$334,376

FY 2017 Budget Adjustments

Adjustment to Request

Fund RESTORE Act Administrative Expenses from Trust Fund -\$7,000,000 / -14 FTE

For FY 2017, the Department proposes legislative language to allow Treasury to draw \$7,000,000 from the Gulf Coast Restoration Trust Fund (GCRTF) for management of the fund, including administering the civil and administrative penalties arising from the Deep Water Horizon oil spill, supporting environmental and economic restoration of the Gulf Coast region, as well as managing grants, compliance, and audit programs.

DO Cybersecurity Enhancements -\$1,050,000 / -2 FTE

In the FY 2016 Consolidated Appropriations Act, \$1,050,000 and two FTE were provided for Security Enhancements to Classified Networks and expansion of Departmental Offices' (DO) Wireless Intrusion Prevention System. For FY 2017, DO proposes to fund this request through the new appropriation account, "Cybersecurity Enhancement Account."

Digital Infrastructure Security Team - \$2,000,000 / -6 FTE

In the FY 2016 Consolidated Appropriations Act, \$2,000,000 and six FTE were provided for the Digital Infrastructure Security Team. For FY 2017, DO proposes to fund this request through the new appropriation account, "Cybersecurity Enhancement Account."

Maintaining Current Levels (MCLs)

Pay-Raise +\$2,316,000 / +0 FTE

Funds are requested for the proposed January 2017 pay-raise.

Pay Annualization +\$682,000 / +0 FTE

Funds are requested for annualization of the January 2016 pay-raise.

Non-Pay +\$2,314,000 / +0 FTE

Funds are requested for inflation adjustments in non-labor costs such as travel, contracts, rent, supplies, and equipment.

Non-Recurring Costs

Kline-Miller Amendment -\$1,050,000 / +0 FTE

In the FY 2016 Consolidated Appropriations Act, \$3,000,000 and six FTE were provided to support Treasury's responsibilities under the Kline-Miller Amendment (previously referred to in the FY 2016 budget request as Multiemployer Pension Reform Act) of the FY 2015 Omnibus Bill. For FY 2017,

DO would reduce the contractual support to this program, which is for a surge in program applications.

Efficiency Savings

TFI Contractual Support -\$1,325,000 / +0 FTE

DO will achieve cost savings and efficiencies in TFI contract services through more efficient oversight of all TFI contracts, consolidating contracts where appropriate, and partnering with other agencies and DO components to leverage common technology or administrative support needs.

Virtualization of the Foreign Credit Reporting System -\$105,000 / +0 FTE

DO plans to virtualize the Federal Credit Reporting System (FCRS) in FY 2016, at the end of the current server's lifecycle. FCRS provides for the input, retrieval, and analysis of foreign credit and related data. Virtualization will eliminate data center hosting charges and reduce system operations and maintenance costs as well.

Other Adjustments

Technical FTE Adjustment +\$0 / +60 FTE

An estimated 60 reimbursable FTE, supporting TFI in FY 2016, will be converted to direct FTE in FY 2017. The mission for the converted FTE remains the same--full administrative support of the TFI program.

Program Increases

Rationalization of the Tax Code +\$392,000 / +0 FTE

The exponential growth, availability, and variety of data from multiple sources have rapidly changed expectations regarding the Office of Tax Policy's analytical capabilities. To continue meeting the analytical requests of the Secretary and the Administration, the Office of Tax Policy must upgrade the existing computing platform. The current platform is at risk due to lack of commercially available

resources. Therefore, the office must migrate to a more current operating system. The FY 2017 request of \$392,000 will provide the remaining resources necessary to upgrade the existing computing platform.

Corporate Bond Yield Curve +\$202,000 / +1 FTE

Since 2006, the Office of Economic Policy has been producing the corporate bond yield curve, which single-employer defined-benefit pension plans are required by law to use to compute the present value of their current liabilities and lump sum payments. In 2014, the office began producing the Treasury constant maturity (TCM) curve. The TCM curve is used by several federal agencies to evaluate their pension liabilities and military disability payments, which amount to more than \$6 trillion and are the second largest liability on the U.S. Balance Sheet. Production of both sets of data is a highly technical job that requires expertise in financial markets and the complexity of bond markets. Currently, this responsibility falls to one economist. The Office of Economic Policy requests one additional economist to ensure the continuity of this work, alleviate pressure on existing staff, and provide Economic Policy with additional flexibility to engage in forward-looking research and analysis.

Data and Risk Analysis +\$1,500,000 / +2 FTE

To increase data and risk analysis across DO, the following are requested in FY 2017:

- \$169,000 and one FTE in the Office of Risk Management (ORM). ORM was created with a mission to exercise leadership across a broad range of cross-agency risk management efforts.
- \$237,000 and one FTE to establish a Digital Accountability and Transparency Act (DATA Act) Program Management Office (PMO) within the Office of the

Deputy Chief Financial Officer to oversee and coordinate Treasury's DATA Act implementation. The Departmental DATA Act PMO will coordinate, manage, and improve upon Treasury's data transparency and standardization across financial management, procurement, grants, and loans as they relate to DATA Act requirements. The PMO would support expanded data analytics, consolidated management reporting, and potentially folding in current financial reporting functions from a single data repository by managing technical contractor support and implementing system enhancements within the scope of the DATA Act with its stakeholders.

- \$180,000 for the Office of the Procurement Executive to establish a contract for Fed Data analytics. Use of FedDataCheck services increases the accuracy of the Department's procurement spending data in support of benchmarking and provides procurement spending data reporting in support of strategic sourcing opportunities.
- \$350,000 to enhance DO-wide eDiscovery capabilities, primarily for the Office of General Counsel. This funding will provide capability to more expeditiously and accurately identify, collect, process, review, analyze, redact (as appropriate), and produce emails and other electronic records in connection with litigation, Freedom of Information Act requests, and similar matters.
- \$564,000 for the Office of International Affairs to develop enhanced capability for the interagency Committee on Foreign Investment in the United States (CFIUS), which Treasury chairs, to receive, track, and analyze data, including CFIUS case data, third party industry and merger and acquisitions data, and other data relevant to national security reviews conducted by CFIUS.

Explanation of Budget Activities

Executive Direction (\$38,240,000 from direct appropriations, \$12,177,000 from reimbursable resources)

Provides direction and policy guidance to the Department, and interacts with Congress and the public on departmental policy matters.

International Affairs and Economic Policy (\$59,467,000 from direct appropriations, \$3,545,000 from reimbursable resources)

Monitors domestic and international economic conditions and collects and analyzes financial data.

Domestic Finance and Tax Policy (\$76,304,000 from direct appropriations, \$24,346,000 from reimbursable resources)

Monitors and provides economic and financial policy expertise in the areas of domestic finance and tax policy.

Terrorism and Financial Intelligence (\$117,000,000 from direct appropriations, \$21,719,000 from reimbursable resources)

Develops and implements strategies to counter terrorist financing and money laundering.

Treasury-wide Management and Programs (\$43,365,000 from direct appropriations, \$41,105,000 from reimbursable resources)

Provides strategic plans and policy direction in the fields of human resources, information technology security, and financial administration that include the formulation and management of the budget.

Legislative Proposals

Departmental Offices has no discretionary legislative proposals.

Mandatory Proposals

As in the FY 2016 Budget, Treasury proposes legislative language for FY 2017 to allow Treasury to draw \$7,000,000 from the Gulf Coast Restoration Trust Fund for management of the fund, including administering the civil and administrative penalties arising from the *Deep Water Horizon* oil spill, supporting environmental and economic restoration of the Gulf Coast region, and standing up grants, compliance, and audit programs.

The following are new proposals for mandatory funding, which are described in detail in the introduction to the Budget-in-Brief.

- Financing America’s Infrastructure Renewal (FAIR)
- Financial Innovation for Working Families Fund
- Allotment for Puerto Rico EITC Payments
- Pay for Success

DO Performance by Budget Activity

Budget Activity	Performance Measure	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016 Target	FY 2017 Target
Domestic Finance and Tax Policy	Variance Between Estimated and Actual Receipts (Annual Forecast)(%)	2.5	3.25	2.8	4.25	4.25
Terrorism and Financial Intelligence	Impact of TFI Programs and Activities	8.3	8.5	8.8	8.5	8.5
Treasury-wide Management and Programs	Treasury-wide Leaders Lead Index of the Federal Employee Viewpoint Survey (FEVS)	N/A	53.0	54.0	55.0	55.0

Key: DISC – Discontinued

Description of Performance

The following performance measures provide a snapshot of DO performance:

Variance between estimated and actual receipts (annual forecast) (percent): As part of managing the Government’s central operating account and cash position, the Office of Fiscal Projections (OFP) forecasts net cash flows to ensure that adequate funds are available daily to cover federal payments. To determine its overall effectiveness, one of OFP’s metrics is to measure the variance between actual and projected Federal receipts.

The actual variance for FY 2015 was 2.8 percent, which is significantly lower than the 4.25 percent target for FY 2015. Therefore, performance was better than the target level. In addition, the FY 2015 performance compares favorably with the

actual variance for FY 2014, which was 3.25 percent. The target for both FY 2016 and FY 2017 is 4.25 percent.

Impact of TFI Programs and Activities: In order to gauge its performance, TFI created a composite measure consisting of three program office focus areas related to its mission and strategic goals, including customer outreach, increasing budget production and dissemination of intelligence products, and implementing IT modernization projects. In FY 2015, TFI exceeded its performance goal of 8.5 with a score of 8.8 and expects to achieve its FY 2016 and FY 2017 target of 8.5.

Treasury-wide “Leaders Lead” Index of Federal Employee Viewpoint Survey (FEVS): Treasury set the goal to increase the “Leaders Lead” index above 2014 results. Treasury’s score for the Leaders Lead Index increased from 53 percent in 2014 to 54 percent in 2015 and set a target of 55 for FY 2016.

