Department of the Treasury
Departmental Offices
Salaries and Expenses

Congressional Budget Justification and Annual Performance Report and Plan

FY 2020

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Section I – Budget Request

A – 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 and manage the U.S. Government's finances and resources effectively.

B – Summary of the Request

The FY 2020 Request proposes increases to help implement programs that bolster U.S. economic growth, promote financial stability, enhance national security, transform government-wide financial stewardship, and achieve operational excellence. Particular focuses of this request are the Committee on Foreign Investment in the United States (CFIUS) program's expanded responsibilities under the Foreign Investment Risk Review Modernization Act of 2018 (FIRRMA), expansion of the Office of Tax Policy's impact analyses of tax regulations, a significant expansion of the Office of Critical Infrastructure Protection and Compliance Policy's (OCIP's) efforts to protect the U.S. financial services sector from cyberattacks and improve resilience of critical infrastructure, and increased funding for additional Domestic Finance staffing to support Administration priorities.

In addition to requested increases for the Treasury Departmental Offices (DO) Salaries and Expenses (SE) account, DO anticipates transferring in and executing $15 million of the $20 million CFIUS Fund request, discussed separately.

1.1 – Appropriations Detail Table

Dollars in Thousands

DO Salaries and Expenses	FY 2018		FY 2019		FY 2020		FY 2019 to FY 2020			
Appropriated Resources	Enacted		Annualized CR		Request		Change		% Change	
New Appropriated Resources	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**
Executive Direction	128	$35,940	105	$36,474	107	$36,876	2	$402	1.90%	1.10%
Domestic Finance and Tax Policy	265	$68,363	228	$74,199	264	$88,133	36	$13,934	15.79%	18.78%
International Affairs and Economic Policy	211	$50,732	177	$46,981	177	$50,467	0	$3,486	0.00%	7.42%
Treasury-w ide Management and Programs	142	$40,716	114	$41,922	116	$40,497	2	($1,425)	1.75%	-3.40%
Committee on Foreign Investment in the United States (CFIUS)	26	$6,000	65	$15,000	81	$20,000	16	$5,000	24.62%	33.33%
Subtotal New Appropriated Resources	**772**	**$201,751**	**689**	**$214,576**	**745**	**$235,973**	**56**	**$21,397**	**8.13%**	**9.97%**
Other Resources										
Expenditure Transfer from the CFIUS Fund	0	$0	0	$0	0	$15,000	0	$15,000	NA	NA
Reimbursables	91	$79,690	52	$12,432	52	$12,432	0	$0	0.00%	0.00%
Subtotal Other Resources	**91**	**$79,690**	**52**	**$12,432**	**52**	**$27,432**	**0**	**$15,000**	**0.00%**	**120.66%**
Total Budgetary Resources	**863**	**$281,441**	**741**	**$227,008**	**797**	**$263,405**	**56**	**$36,397**	**7.56%**	**16.03%**

Notes: FY 2018 other resources and FTE are actuals

FY 2018 CFIUS funds were enacted in the International Affairs and Economic Policy Budget Activity. They are broken out here for comparison purposes.

1.2 – Budget Adjustments Table

DO Salaries and Expenses	FTE	Amount
FY 2019 Annualized CR	**689**	**$214,576**
Changes to Base:		
Maintaining Current Levels (MCLs):	0	$1,761
Non-Pay	0	$1,761
Transfers	8	$1,651
Office of Critical Infrastructure Protection and Compliance Policy's (OCIP) Cybersecurity Enhancement Funding to DO SE	8	$1,651
Efficiency Savings	0	($1,675)
Subtotal Changes to Base	8	$1,737
Total FY 2020 Base	**697**	**$216,313**
Program Changes:		
Program Increases:	48	$19,660
Operations and Maintenance (O&M) of Prior-year Enterprise-wide Cybersecurity investments	0	$2,175
Committee on Foreign Investment in the United States (CFIUS) Expansion	16	$5,000
Impact Analyses of Tax Regulations	6	$1,802
Strengthen the Financial Services Sector's Cybersecurity and Critical Infrastructure Protection (OCIP)	13	$7,700
Management Capacity Building to Support Program Initiatives	2	$885
Increase Domestic Finance Policy and Program Staff to Support Strategic Objectives and Priority Goals	11	$2,098
Total FY 2020 Request	**745**	**$235,973**
Transfers	0	$15,000
CFIUS Fund	0	$15,000
Total FY 2020 Including Transfers	**745**	**$250,973**

C – Budget Increases and Decreases Description

Maintaining Current Levels (MCLs).. +$1,761,000 / +0 FTE

Non-Pay +$1,761,000 / +0 FTE

Funds are requested for inflation adjustments in non-labor expenses such as GSA rent adjustments, postage, supplies, and equipment.

Transfers.. +$1,651,000 / +8 FTE

Re-align Office of Critical Infrastructure Protection and Compliance Policy's (OCIP) Cybersecurity Enhancement Funding to DO SE +$1,651,000 / +8 FTE

DO proposes to realign to the DO SE appropriation the portion of OCIP's funding for financial services sector cybersecurity that is currently provided through the Cybersecurity Enhancement Account (CEA). This budget-neutral realignment will combine funding for OCIP under the single DO SE appropriation and focus CEA solely on enterprise-wide cybersecurity investments.

Efficiency Savings .... -$1,675,000 / +0 FTE
Contractual Support -$1,675,000 / +0 FTE
DO will achieve cost savings and efficiencies in contract services through more efficient oversight of all contracts, consolidating contracts where appropriate, and partnering with other agencies and DO components to leverage common technology or administrative support needs.

Program Increases .... +$19,660,000 / +48 FTE
Operations and Maintenance (O&M) of Prior-year Enterprise-wide Cybersecurity investments *+$2,175,000 / +0 FTE*
The FY 2020 request includes funding to support operations and maintenance (O&M) for prior year Cybersecurity Enhancement Account investments. O&M will be funded by Treasury Bureaus through Treasury Franchise Fund (TFF) billing. This increase represents the bureau's portion of the $17.5 million O&M total.

Committee on Foreign Investment in the United States (CFIUS) Expansion +$5,000,000 / +16 FTE
FIRRMA expanded the jurisdiction of CFIUS to address growing national security concerns over foreign exploitation of certain investment structures which traditionally have fallen outside of CFIUS jurisdiction. This budget request funds FTE and contract resource requirements for the Office of International Affairs and Office of General Counsel necessary to implement FIRRMA and handle the expected workload of 1,000 cases per year (compared to 238 prior to FIRRMA). Please refer to the CFIUS Activities Congressional Justification chapter for additional information.

Impact Analyses of Tax Regulations +$1,802,000 / +6 FTE
One of the Administration's goals is to bring clarity to the complex Internal Revenue Code and to provide useful guidance to taxpayers. Following enactment of the Tax Cuts and Job Act of 2017, pursuant to a Memorandum of Agreement (MOA) between Treasury and the Office of Management and Budget (OMB) in April 2018, Treasury agreed to create a new framework to accommodate the Executive Order (EO) 12866 review of tax regulations with the objective of providing taxpayers with economic analysis for significant tax regulations while reducing regulatory burdens and providing timely tax guidance for taxpayers. To accomplish this, the Office of Tax Policy (OTP) requests $1.802 million and 6 FTE to conduct robust regulatory impact analyses of "significant" tax regulations as determined by OMB.

The requested funding would provide the resources needed to comply with 60 potential EO 12866 reviews in FY 2020 versus 10 regulatory reviews under current funding. These reviews include conducting the analyses needed to determine the significance of regulations under EO 12866, including whether specific regulations require a regulatory impact analysis, and when needed, the creation of this analysis.

OTP estimates that the Internal Revenue Service (IRS) and Treasury produce approximately 350 regulatory projects annually. These regulatory projects will be analyzed to determine if regulatory impact analysis is required. OTP estimates that 50-60 projects may be deemed significant by OMB during a fiscal year.

To conduct timely and accurate analysis, OTP will work with the IRS Office of Research, Analysis and Statistics (RAAS) to stand up a mirrored server at the RAAS location to provide OTP personnel with appropriate applications and storage in order to conduct burden estimates for regulatory projects.

Strengthen the Financial Services Sector's Cybersecurity and Critical Infrastructure Protection (OCIP) +$7,700,000 / +13 FTE

The U.S. financial services sector faces a broad range of cybersecurity vulnerabilities and physical hazards, both domestically and internationally. The United States' adversaries have grown in technical capability, and their attacks have likewise increased in sophistication. This request would enable Treasury to proactively reduce risks to the sector by identifying previously unidentified vulnerabilities before they can be exploited.

Vulnerability Identification +$5,300,000 / +7 FTE:

The FY 2020 request will improve Treasury's capabilities to identify and assess vulnerabilities, thereby helping mitigate risks to the financial services sector's infrastructure. This will build upon critical infrastructure process maps developed by OCIP in 2014. Of this request, $3.0 million will be used to update outdated maps, identify and diagram additional processes, visualize linkages among major sector actors, and link to geographically-based risks.

The remaining $2.3 million of this request will be used to study vulnerabilities at the 27 most critical financial institutions and conduct exercises on a broader range of financial services sector institutions and sub-sectors. OCIP will also work with the sector to identify and prioritize vulnerabilities with an emphasis on the largest financial institutions. This effort will identify common systemic risks within these institutions and the other infrastructures on which the sector relies (e.g. energy and telecommunications) to pinpoint shared vulnerabilities.

Without the identification and assessment of these vulnerabilities, the financial system will remain exposed to an unacceptable level of risk. Both activities will help identify and avoid potential damage from malicious actors as well as natural disasters such as hurricanes and earthquakes.

Early Vulnerability Mitigation/Avoidance +$2,400,000 / +6 FTE:

To support the President's National Cyber Strategy, issued in September of 2018, OCIP seeks to assist the financial services sector by focusing on early detection of a broad range of cybersecurity vulnerabilities and developing recommended mitigation strategies. This request will allow Treasury and the sector to shift to a more proactive risk reduction approach by finding and mitigating vulnerabilities before they can cause damage, reducing the number of incidents as well as the cost of the recovery for those that occur. This funding will be used to research and understand potential risks of new technology, in particular fintech, promote international cybersecurity, expand OCIP's presence at Federal Cyber Centers, and increase collaboration with other key U.S. critical infrastructures.

Management Capacity Building to Support Program Initiatives +$885,000 / +2 FTE[1]
Treasury Management requests funding for the oversight and administrative support associated with the growth of program offices. The resources would provide funding for:

- Two FTE within the Office of Human Resources (OHR) of the Centralized Treasury Administrative Services (CTAS) program. OHR is charged with providing direct support for the recruitment, staffing, onboarding, engagement, performance and retention of staff for DO. For example, the CFIUS program office is expected to increase by 55 FTE through FY 2020. OHR's current staffing levels will be unable to appropriately support growth in these areas and other FY 2020 initiatives.
- Two FTE within the Office of Privacy, Transparency, and Records of the CTAS program. There are 1,559 cases pending in FY 2019 compared to 1,259 in FY 2018. Without these additional resources, the FOIA backlog will continue to grow by 300 cases per year. Two additional FTE would allow PTR to process the same number of requests they receive.
- One FTE to the Treasury Management and Budget office to work to analyze bureau base budgets and resource needs.
- One FTE to the Office of Strategic Planning and Performance Improvement to support increased oversight requirements for the Program Management Improvement and Accountability Act, the Foundations in Evidence Building Act, and the President's Management Agenda.
- The Treasury WAVES request system, which is an upgrade of the U.S. Secret Service IT System for processing background checks for visitors seeking entrance to the Treasury Complex (Main Treasury and the Freedman's Bank Building). The Treasury WAVES request system includes a customer facing application that removes the collection of PII from the requestor to the visitors themselves. This program improves the visitor clearance process and allows Treasury to carry out its day-to-day business in a more efficient manner.

Increase Domestic Finance Staff to Support Strategic Objectives and Priority Goals +$2,098,000 / +11 FTE
Between FYs 2016 and 2018, DF's workforce declined by 50 personnel (roughly one-third) within the offices funded by the DO SE appropriation. After a careful review of policy priorities and in light of emerging initiatives, Treasury determined that it needs to increase DF staff by 11 FTE personnel to achieve the Administration's goals timely and effectively.

The FY 2020 request would support achievement of the following Treasury and Administration strategic objectives by allowing DF to increase staffing to support the following policy objectives:
Office of Assistant Secretary for Financial Markets, +4 FTE

- Reforming housing finance;
- Monitoring and addressing fiscal issues of state and local governments, including municipal bonds and fiscal crises;
- Implementing the Core Principles recommendations for reforming regulation of the U.S. financial system corporate finance;

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[1] These FTE numbers include only the direct FTE in DO Salaries and Expenses. The initiative also funds 4 FTE in the Franchise Fund.

- Managing the U.S. debt through securities auctions; and
- Ensuring accurate and timely fiscal projections of receipts to the government.

Office of the Assistant Secretary for Financial Institutions, +3 FTE

- Implementing the Core Principles recommendations for reforming regulation of the U.S. financial system corporate finance.

Office of the Fiscal Assistant Secretary (OFAS), +4 FTE

- Managing the U.S. debt through securities auctions;
- Ensuring accurate and timely fiscal projections of receipts to the government;
- Effectively awarding and monitoring compliance of grants for Gulf Coast restoration;
- Improving federal government financial management; and
- Increasing data transparency about government spending.

In addition to supporting these policy objectives, the new personnel for OFAS will help to achieve the following Cross-Agency Priority goals:

- Leverage Data as a Strategic Asset (DATA Act, federal financial management);
- Sharing Quality Services (overseeing the Bureau of the Fiscal Service, which reports to the Fiscal Assistant Secretary, and leading federal financial management);
- Shifting from Low-Value to High-Value Work (federal financial management);
- Results-Oriented Accountability for Grants (RESTORE Act awards and compliance); and
- Getting Payments Right (managing the Bureau of the Fiscal Service).

Transfers... +$15,000,000 / +0 FTE

Funds transferred from CFIUS Fund +$15,000,000 / +0 FTE

This funding would be transferred from the Committee on Foreign Investment in the United States (CFIUS) Fund. This investment will fund development of an end-to-end IT infrastructure comprised of a public-facing portal and a case management system to modernize processes and to handle anticipated increasing caseloads for CFIUS member agencies that will promote efficiencies in the Committee's processes. This investment is the first year of a multi-year project. Treasury will require steady funding through FY 2021 with costs expected to partially non-recur as the project moves into operations and maintenance starting in FY 2022. Please refer to the CFIUS Activities Congressional Justification chapter for additional information.

1.3 – Operating Levels Table

Dollars in Thousands

DO Salaries and Expenses Object Classification	FY 2018 Enacted	FY 2019 Annualized CR	FY 2020 Request
11.1 - Full-time permanent	99,550	89,400	97,627
11.3 - Other than full-time permanent	1,918	1,760	1,760
11.5 - Other personnel compensation	2,385	2,535	2,535
11.9 - Personnel Compensation (Total)	**103,853**	**93,695**	**101,922**
12.0 - Personnel benefits	31,936	28,646	31,495
Total Personnel and Compensation Benefits	**$135,789**	**$122,341**	**$133,417**
21.0 - Travel and transportation of persons	4,059	3,299	3,437
22.0 - Transportation of things	265	171	174
23.1 - Rental payments to GSA	618	281	281
23.2 - Rental payments to others	644	657	670
23.3 - Communications, utilities, and miscellaneous charges	294	235	517
24.0 - Printing and reproduction	97	6	6
25.1 - Advisory and assistance services	23,677	9,737	19,984
25.2 - Other services from non-Federal sources	7,736	3,682	4,008
25.3 - Other goods and services from Federal sources	19,877	67,275	72,951
25.4 - Operation and maintenance of facilities	57	0	0
25.7 - Operation and maintenance of equipment	442	227	231
26.0 - Supplies and materials	3,253	2,715	3,046
31.0 - Equipment	4,943	3,950	12,251
32.0 - Land and structures	0	0	0
Total Non-Personnel	**$65,962**	**$92,235**	**$117,556**
New Budgetary Resources	**$201,751**	**$214,576**	**$250,973**

FTE	**772**	**689**	**745**

Note: FY 2018 FTE are actuals

D – Appropriations Language and Explanation of Changes

Appropriations Language	Explanation of Changes
DEPARTMENT OF THE TREASURY DEPARTMENTAL OFFICES *Federal Funds* SALARIES AND EXPENSES	
For necessary expenses of the Departmental Offices including operation and maintenance of the Treasury Building and Freedman's Bank Building; hire of passenger motor vehicles; maintenance, repairs, and improvements of, and purchase of commercial insurance policies for, real properties leased or owned overseas, when necessary for the performance of official business; executive direction program activities; international affairs and economic policy activities; domestic finance and tax policy activities, including technical assistance to state and local entities; and Treasury-wide management policies and programs activities, $235,973,000: Provided, That of the amount appropriated under this heading— *(1) not to exceed $350,000 is for official reception and representation expenses;* *(2) not to exceed $258,000 is for unforeseen emergencies of a confidential nature to be allocated and expended under the direction of the Secretary of the Treasury and to be accounted for solely on the Secretary's certificate; and* *(3) not to exceed $24,000,000 shall remain available until September 30, 2021, for—* *(A) the Treasury-wide Financial Statement Audit and Internal Control Program;* *(B) information technology modernization requirements;* *(C) the audit, oversight, and administration of the Gulf Coast Restoration Trust Fund;* *(D) the development and implementation of programs within the Office of Critical Infrastructure Protection and Compliance Policy, including entering into cooperative agreements;* *(E) operations and maintenance of facilities; and* *(F) international operations.* Note.—A full-year 2019 appropriation for this account was not enacted at the time the budget was prepared; therefore, the budget assumes this account is operating under the Continuing Appropriations Act, 2019 (Division C of P.L. 115–245, as amended). The amounts included for 2019 reflect the annualized level provided by the continuing resolution.	Removes the one time increase in representation funds provided in FY 2019 for the Financial Action Task Force annual conference.

E – Legislative Proposals

Departmental Offices has no legislative proposals.

Section II – Annual Performance Plan and Report

A – Strategic Alignment

DO is Treasury's headquarters bureau. It provides leadership in economic and financial policy, financial intelligence, and general management. Treasury utilizes effective management, policies, and leadership to protect our national security through targeted financial actions, promote the stability of the nation's financial markets, and ensure the government's ability to collect revenue and fund its operations. DO aligns to all Treasury strategic goals and objectives. Specific alignment by budget activity is indicated below.

This request also 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.

B – Budget and Performance by Budget Activity

2.1.1 – Executive Direction Resources and Measures

Dollars in Thousands

Resource Level	FY 2014 Actual	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Annualized CR	FY 2020 Request
Appropriated Resources	$34,588	$35,313	$37,778	$36,706	$35,787	$36,474	$36,876
Other Resource	$15,137	$21,677	$29,632	$22,997	$25,455	$3,687	$3,687
Budget Activity Total	**$49,725**	**$56,990**	**$67,410**	**$59,703**	**$61,242**	**$40,161**	**$40,563**
FTE	**162**	**189**	**206**	**169**	**159**	**123**	**125**

Executive Direction Budget and Performance

(*$36,876,000 from direct appropriations, $3,687,000 from reimbursable resources*):
The Executive Direction program area provides direction and policy formulation to DO and the rest of Treasury and interacts with Congress and the public on policy matters.

No specific performance goals/measures are presented for this budget activity because the work of these offices is captured within the other budget activities**.**

2.1.2 – International Affairs and Economic Policy Resources and Measures

Dollars in Thousands

Resource Level	FY 2014 Actual	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Annualized CR	FY 2020 Request
Appropriated Resources	$56,265	$57,362	$59,061	$60,613	$49,677	$46,981	$50,467
Other Resource	$4,891	$5,896	$14,680	$10,617	$9,795	$1,835	$1,835
Budget Activity Total	**$61,156**	**$63,258**	**$73,741**	**$71,230**	**$59,472**	**$48,816**	**$52,302**
FTE	**226**	**259**	**272**	**268**	**220**	**182**	**182**

Measure	FY 2014 Actual	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2018 Target	FY 2019 Target	FY 2020 Target
IA - Monitor Quality and Enhance Effectiveness of International Monetary Fund (IMF) Lending Through Review of IMF Country Programs	100	100	100	100	100	100	100	100
IA - Monitor Quality and Enhance Effectiveness of MDB Lending Through Review of MDB Grant and Loan Proposals	100	100	100	100	100	100	100	100
IA - Percentage of MDB Grant and Loan Proposals Containing Satisfactory Frameworks for Results Measurement	93	93	89	96	97.6	95	95	95
OTA - Program Engagement	3.7	3.8	3.9	4.0	3.8	3.6	3.6	3.6

International Affairs and Economic Policy Budget and Performance

($50,467,000 from direct appropriations, and $1,835,000 from reimbursable resources):
The offices in this budget activity promote economic growth in the U.S. by producing technical economic analyses for the Secretary and advancing U.S. economic and financial policy priorities around the world.

Office of International Affairs (IA)
This office supports the following strategic objectives for Strategic Goal 1, to boost U.S. economic growth:

- Objective 1.2 – Strong Economic Fundamentals: Spur faster economic growth by right-sizing Treasury and other regulations and advancing domestic economic policies that boost investment, employment, and innovation.
- Objective 1.4 – Free and Fair Trade: Advance a free and fair trade environment for U.S. businesses through successful negotiation of trade agreements and investment policies.

This office supports the following strategic objectives for Strategic Goal 2, to promote financial stability:

- Objective 2.2 – Foreign Exchange Practices: Achieve fair foreign exchange practices through multilateral engagement with international partners.
- Objective 2.3 – Foreign Technical Assistance: Provide technical assistance to enable foreign partner countries to better raise and manage financial resources and protect their financial sectors.

This office supports the following strategic objectives for Strategic Goal 3, to enhance national security:

- Objective 3.1 – Strategic Threat Disruption: Identify, dismantle, and disrupt priority threats to the U.S. and international financial system.
- Objective 3.3 – Economic Strength and National Security: Advance American prosperity and security through growth, investment, trade, and expanding the American industrial base while protecting national security.

This office supports the following strategic objective for Strategic Goal 4, to transform government-wide financial stewardship:

- Objective 4.1 – Financial Data Access/Use: Increase the access and use of federal financial data to strengthen government-wide decision-making, transparency, and accountability.

This office supports the following strategic objective for Strategic Goal 5, to achieve operational excellence:

- Objective 5.1 – Workforce Management: Foster a culture of innovation to hire, engage, develop, and optimize a diverse workforce with the competencies necessary to accomplish our mission.

In FY 2018, the Office of International Affairs (IA) worked to put in place policies that achieve faster U.S. and global growth and higher after-tax wages for American workers. This involved ambitious reforms for trade, energy, financial regulation, infrastructure, and international relations, all of which will continue into FY 2019.

In its role as lead for international negotiations on non-insurance financial services and transfers, Treasury pursued critical financial services commitments and robust transfer provisions of trade and investment negotiations. Treasury played a key role in the United States-Mexico-Canada Agreement negotiations, aimed at working toward a more balanced agreement to replace the North America Free Trade Agreement. Treasury also plays an important U.S. government role on broader trade issues such as State-owned enterprises, customs, and other trade related disciplines that impact Treasury equities. Treasury is playing a lead role in analyzing the implications for U.S. financial services firms of the United Kingdom's exit from the European Union. In addition, as the U.S. lead in negotiating reductions of export finance subsidies, Treasury continues to press China and other major providers of export finance to agree to disciplines on government support, so that U.S. exporters can compete globally on a level playing field. These efforts serve not only to enhance U.S. competitiveness but also move export credit financing to a more market basis consistent with Congressional mandates.

Treasury works to address the large and persistent global imbalances and unfair currency practices that threaten strong and sustainable U.S. economic growth. Treasury seeks to level the playing field for U.S. businesses through multilateral and bilateral engagements on foreign exchange practices. Treasury does this via multilateral and bilateral activities working through the International Monetary Fund (IMF) and the Group of 20 Nations (G-20). As an example, Treasury continues to press for stronger exchange rate surveillance in the IMF. Treasury also continues to enhance its oversight of the multilateral development banks' (MDB) policies and programs, particularly with respect to the expansion of their loan programs when market financing is generally plentiful. In FY 2018, Treasury negotiated a set of transformational reforms with other shareholders and World Bank Management, which are designed to make the World Bank more financially-disciplined, focus its operations in countries that have less access to other sources of finance, and ensure it operates more efficiently.

Treasury promotes economic growth by managing U.S. participation and leveraging U.S. leadership positions in the International Financial Institutions in order to mitigate emerging threats to the U.S. and global economies; support international trade and investment; and reinforce U.S. national security interests in key countries around the world.

- <u>Monitor Quality and Enhance Effectiveness of IMF Lending through Review of IMF Country Programs</u>: This measure tracks efforts by IA staff to monitor the quality of IMF country programs and ensure the application of appropriately high standards for the use of IMF resources. The target (100 percent) was met in FY 2018. In FY 2019 and FY 2020, IA's target for this measure remains 100 percent.

- <u>Monitor Quality and Enhance Effectiveness of MDB Lending through Timely Review of MDB Grant and Loan Proposals</u>: IA reviews MDB loan and grant proposals to ensure that funded projects meet several key goals, which include supporting long-term U.S. objectives, having a measurable development impact, and being consistent with congressional mandates. The target (100 percent) was met in FY 2018. In FY 2019 and FY 2020, IA aims to continue its review of 100 percent of MDB loan and grant proposals prior to the date of the relevant Executive Board meeting and increase its oversight of projects during implementation.

- <u>Percentage of MDB Grant and Loan Proposals Containing Satisfactory Frameworks for Results Measurement:</u> This measure tracks the percentage of grant and loan project proposals that contain a satisfactory framework for measuring project results (such as outcome indicators, quantifiable and time-bound targets, etc.). This information is measured on an annual basis. In FY 2018, 97.6 percent of MDB grant and loan project proposals had excellent or satisfactory ratings for the results matrices. The FY 2019 target is 95 percent, and the FY 2020 target is 95 percent.

Treasury's Office of Technical Assistance (OTA) complements Treasury's international economic and terrorist financing policy work. Treasury's offices of International Affairs and Terrorism and Financial Intelligence advocate for improvements in economic and terrorist financing policies internationally. OTA helps the governments of developing and transition countries build the human and institutional capacity to implement such policy improvements. Finance ministries and central banks of developing countries that have demonstrated a strong commitment to reforming their financial systems or public financial management can receive direct assistance from OTA through its cadre of expert advisors. The technical assistance team leverages its funding to increase transparency and accountability, reduce corruption, and strengthen the development of market-based policies and practices in these economies.
OTA support promotes more effective use of a country's own resources and helps reduce dependency on foreign aid. This work also supports stabilization of financial sectors in national security/foreign policy priority countries (e.g., Ukraine), more transparent and accountable

financial sectors for U.S. investors overseas, and the expansion of markets for U.S. exporters, thus promoting jobs and economic growth at home.

- <u>Office of Technical Assistance (OTA) Program Engagement (Traction)</u>: Measures the degree to which foreign counterparts are engaging proactively and constructively with OTA advisors, at the working and policy levels. Counterpart engagement is both a key outcome of OTA efforts to structure and execute effective technical assistance projects that support host country ownership as well as the most crucial input to the successful achievement of the intermediate goals and ultimate outcomes described in the project's terms of reference and work plan during the fiscal year – such as passage of law or regulation, an increase in government revenues, an improvement in a government's credit rating, or a reduction in economic crimes. The measure is scored on a 5-point scale and averaged across all projects to provide one overall measure of OTA's performance. In FY 2018, the Traction score was 3.8, exceeding the target of 3.6. In FY 2019 and FY 2020, IA's target for Traction is 3.6.

<u>Office of Economic Policy (EP)</u>
This office supports the following strategic objective for Strategic Goal 1, to boost U.S. economic growth:

- Objective 1.2 – Strong Economic Fundamentals: Spur faster economic growth by right-sizing Treasury and other regulations and advancing domestic economic policies that boost investment, employment, and innovation.

This office supports the following strategic objective for Strategic Goal 3, to enhance national security:

- Objective 3.2 – AML/CFT Framework: Identify and reduce vulnerabilities in the U.S. and international financial system to prevent abuse by illicit actors.

This office supports the following strategic objective for Strategic Goal 5, to achieve operational excellence:

- Objective 5.1 – Workforce Management: Foster a culture of innovation to hire, engage, develop, and optimize a diverse workforce with the competencies necessary to accomplish our mission.

During the past year, EP staff in the Office of Macroeconomic Analysis closely monitored U.S. economic performance. The office's high-quality analytic updates served as DO's main internal source of information on U.S. macroeconomic developments and informed a wide range of high-level engagements and official publications, including the Bank/Fund and regional development bank meetings, meetings of the G-7 and G-20, the Quarterly Treasury Bulletin, the report to Congress titled, "Foreign Exchange Policies of Major Trading Partners of the U.S.," the Economy Statement for the Treasury Borrowing Advisory Committee, and the U.S. Government's Annual Financial Report.

Economists from EP also represented the United States at Organisation for Economic Co-operation and Development (OECD) Economic Policy Committee and Working Group meetings on country forecasts. Finally, the office continued to deliver the High-Quality Market Corporate Yield Curve (a set of daily rates issued on a monthly basis) as mandated under the Pension

Protection Act and to produce a Treasury Real Coupon-Issue Yield Curve, a companion to the Treasury Nominal Coupon-Issue Yield Curve, and several other yield curves. These yield curve data are used extensively throughout the private sector and executive agencies that administer private and public pension programs and other future payment programs to calculate their annual liabilities.

Economic Policy is responsible for implementation and ongoing management of the Social Impact Partnerships to Pay for Results Act (SIPPRA) program. SIPPRA, signed into law on February 9, 2018, appropriated $100 million in funding to implement "Social Impact Partnership Demonstration Projects" and feasibility studies to prepare for those projects. Program funds can be obligated through February 8, 2028. The SIPPRA program is intended to demonstrate a new model of implementing and funding projects designed to solve entrenched societal problems such as homelessness, recidivism and unemployment.

SIPPRA issued its first Notice of Funding Availability (NOFA) on February 21, 2019 with the intent to award up to $66.29 million in funding for social impact partnership project grants with half of this funding intended for projects that directly benefit children. Awards are scheduled to be made in November 2019.

OMB is standing up the Federal Interagency Council on Social Impact Partnerships (Council), which is comprised of representatives from OMB and each of the ten agencies included in SIPPRA. The Council is responsible for certifying, prior to award approval, that (1) applications contain data and research methodologies to support savings estimates; (2) applicant/independent evaluator agreements have been established; (3) estimated savings will be realized if project outcomes are achieved. Separately, the SIPPRA Commission, an advisory commission comprised of nine private-sector individuals nominated by the President and Congressional Leadership, has been established and will meet periodically to develop recommendations to the Secretary of the Treasury and Council and provide additional advice and assistance as requested.

The Office of Microeconomic Analysis has been actively engaged in helping the public and policymakers understand important economic policy issues including economic issue briefs covering a wide range of economic topics, including work associated with CFIUS, the housing market, and infrastructure investment. Other activities included:

- Co-chairing, with Treasury's Federal Insurance Office, the interagency Long-Term Care Task Force;
- Regulatory Impact Analysis for Treasury's Alcohol and Tobacco tax and Trade Bureau on a proposed deregulatory policy change; ongoing coordination and analysis related to the Secretary's role as Managing Trustee of the Social Security and Medicare Trust Funds;
- Analysis of the potential impact on economic growth of the Administration's infrastructure investment proposal;
- Interagency work on an Economic Policy-initiated regulatory proposal for more flexible and less costly appliance energy efficiency regulations; and
- The office continued to lead a government-wide effort to close the skills gap in the economist occupation in the Federal government by coordinating efforts between the economist workforce, Office of Personnel Management, and OMB to promote better recruitment, retention, and development of economists in the federal workforce. That effort resulted this

year in new government-wide direct-hire authority for certain Scientific, Technical, Engineering and Mathematics (STEM) occupations, including economists.

2.1.3 – Domestic Finance and Tax Policy Resources and Measures

Dollars in Thousands

Resource Level	FY 2014 Actual	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Annualized CR	FY 2020 Request
Appropriated Resources	$81,783	$76,520	$79,748	$81,410	$66,123	$74,199	$88,133
Other Resource	$24,997	$40,240	$55,231	$38,650	$42,042	$6,633	$6,633
Budget Activity Total	**$106,780**	**$116,760**	**$134,979**	**$120,060**	**$108,165**	**$80,832**	**$94,766**
FTE	**339**	**364**	**398**	**365**	**311**	**255**	**291**

Measure	FY 2014 Actual	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2018 Target	FY 2019 Target	FY 2020 Target
DF-Variance Between Estimated and Actual Receipts (Annual Forecast) (%)	3.25	2.80	3.10	4.00	2.30	4.25	4.25	4.25

Domestic Finance and Tax Policy Budget and Performance
($88,133,000 from direct appropriations, and $6,633,000 from reimbursable resources):
The Offices of Domestic Finance and Tax Policy monitor policy, legislation, and regulations, and provide advice and assistance to the Secretary about the financial services sector and taxes, as well as financial markets and the regulation of financial institutions. The Office of Tax Policy supports the Administration's efforts in tax reform legislative proposals and regulatory implementation.

Office of Domestic Finance (DF)
This office supports the following strategic objective for Strategic Goal 1, to boost U.S. economic growth:

- Objective 1.2 – Strong Economic Fundamentals: Spur faster economic growth by right-sizing Treasury and other regulations and advancing domestic economic policies that boost investment, employment, and innovation.

This office supports the following strategic objectives for Strategic Goal 2, to promote financial stability:

- Objective 2.1 – Housing Finance Reform: Support housing finance reform to resolve Government-Sponsored Enterprise (GSE) conservatorships and prevent taxpayer bailouts of public and private mortgage finance entities, while promoting consumer choice within the mortgage market.
- Objective 2.4 – Financial Sector Critical Infrastructure and Cybersecurity: Enhance security, improve resiliency, and reduce the risk of significant cybersecurity and other incidents to the financial sector's critical infrastructure, domestically and internationally.

This office supports the following strategic objectives for Strategic Goal 4, to transform government-wide financial stewardship:

- Objective 4.1 – Financial Data Access/Use: Increase the access and use of federal financial data to strengthen government-wide decision-making, transparency, and accountability.

- Objective 4.2 – Debt Management: Fund the Federal Government at the least cost over time.
- Objective 4.3 – Federal Financial Performance: Improve federal financial management performance using innovative practices to support effective government.

This office supports the following strategic objective for Strategic Goal 5, to achieve operational excellence:

- Objective 5.1 – Workforce Management: Foster a culture of innovation to hire, engage, develop, and optimize a diverse workforce with the competencies necessary to accomplish our mission.

During FY 2018, DF worked to promote America's long-term economic strength and stability by preserving confidence in the U.S. Treasury securities market, managing federal fiscal operations and the U.S. government's debt, advising state and local governments on their finances, supporting small businesses, and strengthening financial institutions and markets. DF advanced several key Administration policies, particularly financial regulatory reform and cyber security.

Strong Economic Fundamentals

For example, to promote strong economic fundamentals, Treasury continued work to improve the financial regulatory system and strengthen the economy consistent with the Administration's "Core Principles" for regulating the U.S. financial system. These Core Principles, issued under Executive Order 13772, include empowering Americans to make independent financial decisions, save for retirement, and build individual wealth. Since issuance of the Core Principles EO in February 2017, Treasury has published several reports making numerous recommendations for administrative and statutory reforms, most of which require action by the regulators and/or Congress. These reforms would, among other things, discourage taxpayer-funded bailouts, promote American companies' competitiveness, and make regulation efficient, effective, and appropriately tailored.

Given the breadth of the financial system and a complex regulatory environment, Treasury divided the review of the financial system into four reports, covering: (1) banks and credit unions; (2) capital markets; (3) asset management and insurance; and (4) non-bank financials, fintech, and innovation.

Treasury concluded its Core Principles reporting requirements with the July 2018 release of its report on nonbank financials, fintech, and innovation. For this report, Treasury consulted extensively with a wide range of stakeholders focused on consumer financial data aggregation, lending, payments, credit servicing, financial technology, and innovation. Treasury's recommendations are designed to facilitate U.S. firm's innovation by streamlining and refining the regulatory environment. These improvements aim to enable U.S. firms to more rapidly adopt competitive technologies, safeguard consumer data, and operate with greater regulatory efficiency.

During FYs 2019 and 2020, Treasury will continue to evaluate progress and work to support the implementation of the "Core Principles" recommendations for the U.S. financial system.

Housing
Treasury retains significant investments in Fannie Mae and Freddie Mac (the government sponsored enterprises, or GSEs), and continues to provide capital support to the GSEs through the Senior Preferred Stock Purchase Agreements (PSPAs). These capital support agreements provide confidence to the financial markets that the GSEs will fulfill their financial obligations. These agreements have been amended several times since they were executed in 2008, most recently in FY 2018, when Treasury and the GSEs, acting through their conservator, the Federal Housing Finance Agency, agreed to increase the minimum capital reserve each entity was allowed to retain. Treasury has significant responsibilities on behalf of taxpayers to monitor the nearly $200 billion investment in the GSEs. In addition, advancing housing finance reform, including progress toward the resolution of the GSE conservatorships, is a priority for Treasury in FYs 2019 and 2020.

Public Finance
In August 2018, the Task Force on the United States Postal System, created by Executive Order 13829 and chaired by the Secretary of the Treasury, delivered recommendations to the President to identify a path for the United States Postal Service (USPS) to operate under a sustainable business model. This model envisions USPS providing necessary mail services to citizens and businesses while competing fairly in commercial markets. The task force, which included the Office of Management and Budget and the Office of Personnel Management, conducted extensive outreach to stakeholders and performed in-depth research and analysis to understand the wide range of challenges facing USPS. In December 2018, the task force released a public report of its findings and recommendations.

Financial Sector Critical Infrastructure Protection and Cybersecurity
During FY 2018, DF also played an important role in supporting critical infrastructure protection and cybersecurity in the financial services sector by leading and participating in cybersecurity exercises involving other government and private-sector participants. The exercises explored a variety of threat scenarios and how the participants would respond. Participants developed after-action reports for future improvement to reduce vulnerabilities and reduce risks. These types of exercises will continue in FYs 2019 and 2020.

Also, in Treasury's roles as chair of the Financial and Banking Information Infrastructure Committee and member of the Financial Services Sector Coordinating Council, OCIP continued sharing cybersecurity information among the member organizations. Treasury also encouraged private-sector firms to voluntarily share actionable cybersecurity information among firms to minimize the time it takes to discover, contain, and mitigate cyber incidents, whether from malicious or natural causes. These efforts will also continue in FYs 2019 and 2020.

Managing the U.S. Government's Debt
Another important DF responsibility is managing the U.S. government's debt. The Office of Fiscal Projections forecasts the government's cash and debt activity, including longer term projections of fiscal activity. The Office of Debt Management (ODM) seeks to fund the federal government at the least cost over time by working to maintain predictable issuance of Treasury debt, minimizing the amount of interest the government must pay, and managing debt maturity over time. In FY 2018, ODM determined for more than 270 auctions the amount and maturity of

debt that the Bureau of the Fiscal Service issued. These debt issuances totaled $9.9 trillion and raised more than $1.0 trillion in new cash to fund the U.S. government. Looking ahead, in the remainder of FY 2019 and carrying into FY 2020, DF ODM's responsibility will continue to be critical because borrowing needs are forecast to be significant based on the fiscal outlook and normalization of the Federal Reserve System's Open Market Account.

During FY 2018, ODM also successfully announced a new short-term Treasury security, the two-month Treasury bill. This new security was implemented with an alternative settlement cycle that is designed to smooth settlement amounts for both Treasury and market participants. Treasury also recently announced enhancements to the Treasury Inflation-Protected Securities program, which will be implemented during FYs 2019 and 2020.

In addition, working with Financial Industry Regulatory Authority and the Commodity Futures Trading Commission, Treasury made important progress regarding data on transactions in both cash Treasuries and Treasury futures. ODM has been analyzing this data with the purpose of better understanding Treasury market dynamics and market structure. Finally, with contractor support, ODM also continued to improve its internal analytical modeling platform: the Data Analytics Visualization Engine (DAVE).

Federal Financial Management
To support the President's Management Agenda, DF released "The Future of Federal Financial Management" in April 2018. This Treasury vision focuses on how to improve financial interactions with the federal government within the framework of the President's Management Agenda to provide modern, seamless, and secure service. The vision identifies ten initiatives in four key areas: (1) optimizing federal disbursing, (2) transforming federal collections, (3) strengthening financial reporting, and (4) expanding services available to agencies.

In addition, during FY 2018, Treasury continued to make progress in government-wide implementation of the 2014 *Digital Accountability and Transparency Act* (DATA Act). The DATA Act requires the federal government to provide consistent, reliable, and useful online data about how it spends taxpayer dollars. In April 2018, DF fully transitioned to the new USAspending.gov website by sunsetting the legacy site. The new site allows taxpayers to examine nearly $4 trillion in annual federal spending and see how this money flows to local communities and businesses. The site includes a new feature, the Data Lab, which provides additional use cases, data visualizations, and analysis with insights into federal spending and trends. In FY 2018, DF reviewed data quality, and will work with OMB and federal agencies to drive continued improvements in FY 2019 and FY 2020. The data is compiled from federal agencies and published quarterly.

DF has one performance measure:
<u>Variance between estimated and actual receipts (annual forecast) (percent)</u>: As part of managing the federal government's central operating account and cash position, the Office of Fiscal Projections (OFP) forecasts net cash flows (e.g., federal receipts and outlays) 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. A lower variance is better because that indicates a more accurate forecast. The

actual variance for FY 2018 was 2.3 percent, which is significantly lower than the 4.25 percent target.

The FY 2018 level was the lowest variance going back to 2007, when it was 2.1 percent. Because tax receipts are quite variable year-to-year and sensitive to changes in macro-economic conditions and legislative changes, accurate forecasts in one year do not necessarily portend accuracy in a subsequent year or period. The target for both FYs 2019 and 2020 is 4.25 percent.

Office of Tax Policy (OTP)

This office supports the following strategic objectives for Strategic Goal 1, to boost U.S. economic growth:

- Objective 1.1 – Tax Law Implementation: Administer tax law to better enable all taxpayers to meet their obligations, while protecting the integrity of the tax system.

This office supports the following strategic objective for Strategic Goal 5, to achieve operational excellence:

- Objective 5.1 – Workforce Management: Foster a culture of innovation to hire, engage, develop, and optimize a diverse workforce with the competencies necessary to accomplish our mission.

During FY 2018, the Office of Tax Policy (OTP) worked closely with IRS in implementing provisions of the Tax Cuts and Jobs Act (TCJA). Together, they implemented TCJA provisions related to the new Section 199A pass-through deduction and promulgated proposed regulations under Section 170 that preserve the revenue in TCJA related to the imposition of a cap on state and local income tax deductions. Treasury and the IRS also implemented TCJA provisions related to the Section 965 one-time repatriation tax and published proposed regulations under Section 951A dealing with the computation of global intangible low-taxed income, including income by U.S. shareholders of foreign subsidiaries. In addition, the IRS established an extensive web page on IRS.gov to provide information to the public as it becomes available.

OTP also provided analysis in support of tax reform implementation, including updated tax withholding tables and inflation-adjusted tax parameters and regulatory impact analyses. The office also estimated the effects of proposed and final tax reform provisions on tax revenue (overall and for specific types of taxpayers), to inform policymakers and to include in the Administration's FY 2019 Budget.

OTP continues to provide leadership for the OECD, the Inclusive Framework, the Global Forum, and the G-20, advocating for the interests of U.S. based businesses. OTP also plans to continue engaging in international negotiations to modernize existing treaties and to establish key new treaty relationships to protect the fiscal and business interests of the U.S.

In FY 2019 – FY 2020, OTP's primary mission will remain supporting tax reform implementation. This work will include regulatory guidance required to implement changes to the law by conducting cost-benefit analyses of many regulatory actions. The resulting Regulatory Impact Analyses (RIA) require detailed work. OTP received funding for FY 2019 to start hiring FTE to work on the RIA, and in 2020, OTP hopes to continue the implementation with additional staff and technology funding to conduct the necessary analyses.

2.1.4 – Treasury-wide Management and Programs Resources and Measures

Dollars in Thousands

Resource Level	FY 2014 Actual	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Annualized CR	FY 2020 Request
Appropriated Resources	$31,802	$35,971	$41,112	$43,387	$45,693	$41,922	$40,497
Other Resource	$30,858	$55,213	$3,339	$4,284	$2,398	$278	$278
Budget Activity Total	**$62,660**	**$91,184**	**$44,451**	**$47,671**	**$48,091**	**$42,200**	**$40,775**
FTE	**139**	**171**	**124**	**153**	**147**	**116**	**118**

Measure	FY 2014 Actual	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2018 Target	FY 2019 Target	FY 2020 Target
EO 13771 - Number of Deregulatory Actions Issued *	N/A	N/A	N/A	N/A	N/A	I	B	B
EO 13771 - Number of Deregulatory Actions Issued that Address Recommendations by the Regulatory Reform Task Force*	N/A	N/A	N/A	N/A	N/A	I	B	B
EO 13771 - Number of Deregulatory Actions Issued that Address Recommendations by the Regulatory Reform Task Force to the Agency Head Consistent with Applicable Law *	N/A	N/A	N/A	N/A	N/A	I	B	B
EO 13771 - Number of Evaluations to Identify Potential Deregulatory Actions That Included Opportunity for Public Input and/or Peer Review *	N/A	N/A	N/A	N/A	N/A	I	B	B
EO 13771 - Number of Regulatory Actions Issued *	N/A	N/A	N/A	N/A	N/A	I	B	B
EO 13771 - Total Incremental Cost of All Regulatory Actions and Deregulatory Actions (Including Costs or Cost Savings Carried Over From Previous Fiscal Years)	N/A	N/A	N/A	N/A	N/A	0	B	B
Percent of Procurement Dollars Spent on Small Business	36.91	35.11	36.17	35.01	42.63	35	38.5	N/A
Treasury-wide Engagement Index of the FEVS	66	67	67	68	68	69	69	69
Treasury-wide Footprint (Square Footage)	36,411	35,439	34,894	34,100	33,766	33,600	33,356	32,895
Treasury-wide Leaders Lead Index of the Federal Employee Viewpoint Survey (FEVS)	53	54	55	56	56	57	58	58

Note: I – Performance Indicator

* Executive Order 13771 requires the repeal of two regulatory actions for each new regulatory action issued by an agency. The Department is fulfilling this requirement by prioritizing burden-reducing, deregulatory actions. At this time Treasury does not have targets for these measures because it is still in the process of evaluating its deregulatory and regulatory actions for FY 2018.

Treasury-wide Management and Programs Budget and Performance

($40,497,000 from direct appropriations, and $278,000 from reimbursable resources):
This budget activity includes offices that are responsible for the internal management and policy of the Department: the Office of the Assistant Secretary for Management; the Office of the

Chief Information Officer; the Office of Privacy, Transparency, and Records; the Office of the Senior Procurement Executive; the Office of the Chief Human Capital Officer; the Office of Treasury Operations; the Office of the Deputy Chief Financial Officer; the Office of Civil Rights and Diversity; the Office of Minority and Women Inclusion; and the Office of the Deputy Assistant Secretary for Management and Budget.

This office supports the following strategic objective for Strategic Goal 2, to promote financial stability:

- Objective 2.4 – Financial Sector Critical Infrastructure and Cybersecurity: Enhance security, improve resiliency, and reduce the risk of significant cybersecurity and other incidents to the financial sector's critical infrastructure, domestically and internationally.

This office supports the following strategic objectives for Strategic Goal 5, to achieve operational excellence:

- Objective 5.1 – Workforce Management: Foster a culture of innovation to hire, engage, develop, and optimize a diverse workforce with the competencies necessary to accomplish our mission.
- Objective 5.2 – Treasury Infrastructure: Better enable mission delivery by improving the reliability, security, and resiliency of Treasury's infrastructure.
- Objective 5.3 – Customer Value: Improve customer value by increasing the quality and lowering the cost of Treasury's products and services.

Treasury-wide Management and Program's performance metrics are:
<u>Treasury-wide "Engagement" Index of Federal Employee Viewpoint Survey (FEVS)</u>: Treasury's strategy focused on improving employee engagement in a number of areas, thereby creating an opportunity to improve the effectiveness of our workforce while improving our ranking among other federal agencies. Strategic efforts were focused on the Overall Satisfaction Index, the Leaders Lead component of the Employee Satisfaction Index, and the Fairness Index under the Diversity and Inclusion Quotient. Treasury conducted two Treasury-wide engagement review sessions for high-level leadership during FY 2017 in addition to bureau-level reviews. Treasury's scores for the Engagement Index increased from 67 percent to 68 percent in FY 2017, and held steady at 68 percent for FY 2018. Treasury's engagement score exceeded average score for very large agencies by one percent, and was equal to the government-wide score in FY 2018.

<u>Treasury-wide "Leaders Lead" Index of Federal Employee Viewpoint Survey (FEVS)</u>: Treasury also set the goal to increase the "Leaders Lead" index above FY 2017 results. Treasury's score for the Leaders Lead Index increased from 55 percent in FY 2016 to 56 percent in FY 2017, and held steady at 56 percent in FY 2018. Treasury's score in FY 2018 was equal to the government-wide average and the average score for very large agencies. Targets for FYs 2019 and 2020 are 58 percent.

<u>Treasury-wide Footprint (Square Footage)</u>: This goal measures the total square footage occupied by Treasury's owned and leased buildings. To reduce the Department's real property footprint and maximize the use of existing real property assets, the Department maximized space utilization by undertaking space realignments, consolidations, and improved work station standards. GSA is still in the process of certifying the FY 2018 square footage inventories.

Several fourth quarter space reductions were not reflected within GSA's end of fiscal year square footage numbers. The Department is currently working with GSA to establish the Q4 space release effective dates. Once these dates have been mutually agreed upon, Treasury should be on target to meet the FY 2018 target of 33,600 square feet. The Department will continue targeting metropolitan areas with multiple posts of duty sites to pursue consolidation opportunities or space reductions where it makes business and financial sense. However, it should be noted that several Treasury programs focused on economic expansion and national security will be experiencing considerable growth in investments and personnel. As a result, Treasury's out-year projects are expected to reflect these changes, including the possible expansion of real property holdings in certain geographic areas. Bureaus are currently in the process of updating their respective Real Property Efficiency Plans for FY 2020 – FY 2024, and Treasury will have a better understanding of the legislative and program changes impacts on Treasury's real property footprint within a few weeks.

<u>Percentage of Procurement Dollars Spent on Small Business</u>: In FY 2018, Treasury aimed to meet or exceed all small business contracting goals. Based on preliminary data, Treasury met and exceeded all small business prime contracting goals. However, Treasury may not meet all small business subcontracting goals. The Small Business Administration (SBA) is expected to calculate the data in March 2019. All Treasury bureaus were included in the goaling report, with no exclusions. The FY 2019 overall small business goal was set for 38.5 percent. The FY 2020 small business goal will be set in the fall of 2019. One overarching challenge in FY 2018 and FY 2019 is that Treasury must follow OMB's directive to utilize Category Management principles and Best-in-Class (BIC) contracts to leverage use of existing government-wide contracting vehicles. With a Treasury BIC goal of 35 percent utilization, Treasury Office of Small and Disadvantaged Business Utilization issued a Category Management and BIC Small Business Utilization policy which is believed to have enhanced the overall small business goal achievement. Particularly noteworthy is that Treasury far exceeded the contracting goals for the following socioeconomic groups:

- Small and Disadvantaged Business - goal five percent, achieved 11.4 percent;
- Women Owned Small Business – goal five percent, achieved 12.45 percent;
- Historically Underutilized Business zone - goal three percent, achieved 3.47 percent; and
- Service Disabled Veteran Owned Small Business - goal three percent, achieved 3.57 percent.

<u>Office of the Chief Human Capital Officer</u>

In FY 2018, Treasury published a strategic plan for 2018-2022 that continued the Department's focus on operational excellence by including a specific goal on workforce management. A major element of this goal is a transformation to competency-based workforce management. Treasury's focus for FY 2019 will be in solidifying the foundation to support a competency-based approach starting with the cybersecurity and human resources occupations. Additional efforts in FY 2019 include a continued focus on building workforce planning capabilities in support of federal efforts to expand the strategic management of federal human capital and to close skills gaps in government-wide and Treasury-specific mission-critical occupations. As a component of the President's Management Agenda efforts to field a 21st Century Workforce, Treasury is collaborating with the Office of Personnel Management and other stakeholder agencies to implement an alternative pay and classification system for the Economist occupation. Finally, after a successful launch of the learning management module in FY 2018, Treasury will continue implementation of an enterprise Integrated Talent Management System (ITMS) as bureaus begin phasing in the performance management module. When fully deployed, the ITMS will provide employees a single, modern system for learning, performance, and career planning; give leadership a consolidated view of the Department's human capital landscape; and consolidate 24 stand-alone legacy systems into a single, cloud-based system.

Office of Civil Rights and Diversity (OCRD)

Treasury continued working with the bureaus on their Diversity and Inclusion Strategic Plans, which map to both the Treasury Strategic Plan and the Human Capital Plan. The department's focus in FY 2019 and FY 2020 will be performing audits of the bureaus' EEO Programs, including a critical look at diversity and inclusion programs, to determine any areas where the bureaus need a sharper focus, and to find and recreate "best practices." EEO offices worked on Human Capital engagement teams to improve inclusion scores – this will also be a continuing focus in FY 2019 and FY 2020. While scores for "Fairness" continue to be a concern, efforts have been made to introduce "Unconscious Bias" training in the workforce and at all management levels to help make leaders aware of biases and to learn to put aside such biases when making employment decisions. In FY 2018, OCRD also developed and distributed sexual harassment prevention training to the workforce in DO, and shared the training with the bureaus. Additionally, this office continued to work with the Treasury Executive Institute to develop programming for executives and senior level staff in the areas of diversity and inclusion. These training and proactive prevention efforts will continue in FY 2019 and FY 2020. EEO complaints were adjudicated effectively with the Department improving in meeting EEOC regulatory timeframes both in issuance of decisions and days to investigate complaint. Both benchmarks exceed the 90 percent timeliness rate. To better manage case processing, OCRD plans on upgrading our EEO case management system in FY 2019 and FY 2020. Our Alternative Dispute Resolution (ADR) participation numbers also improved; ADR provides an alternative to the formal complaint program and helps to resolve cases earlier in the process, saving both money and resources. In FY 2018, disability hiring met three out of four benchmark targets, and emphasis was placed on improving veterans hiring, with the acquisition in FY 2019 of a resume data base for use in hiring veterans and disabled veterans. This will be a FY 2019 pilot program and if successful, will be expanded to the larger disability community in FY 2020. Work began on procurement of a Reasonable Accommodation Management system, to better manage our reasonable accommodation requests, which is one of our identified risks. The goal is to research systems and procure a system in FY 2019 or FY 2020. In FY 2019, the office will conclude negotiations to implement a Blanket Purchase Agreement with a nationwide provider which will enable all of the Department to provide personal assistant services to severely disabled employees. The DO EEO program will repurpose one of its positions to a reasonable accommodation coordinator to better serve the needs of its employees with disabilities.

In FY 2018 considerable progress was made in improving OCRD's external civil rights program policies and guidance and efforts will continue in FY 2019 and FY 2020. OCRD will continue to lead the efforts of the DO financial assistance programs to implement the compliance requirements in the recently issued Treasury civil rights regulations. The effort will include a review of grant making procedures with the goal of introducing compliance measures into existing processes. OCRD will also offer department-wide civil rights training.

Office of the Deputy Chief Financial Officer

For FY 2018, the Department received its nineteenth consecutive unmodified audit opinion on its Treasury-wide financial statements. Treasury anticipates unmodified audit opinions for the consolidated audit for FY 2019 and FY 2020. Overall, the Department has made strong progress in enhancing its internal control environment and remains committed to ensuring high standards of integrity and transparency in reporting its financial performance.

Office of Small and Disadvantaged Business Utilization (OSDBU)

Based on preliminary data for FY 2018, Treasury is on track to meet and exceed all small business prime contracting goals. The consistent "A" score is a testament to the hard work and professionalism of the procurement and acquisition teams across Treasury's bureaus and the serious commitment to utilizing small businesses that emanates from Treasury's leadership. To comply with Section 15 (k), Small Business Act, the Department focused on small business prime and subcontracting goal achievements.

In FY 2018, the OSDBU implemented several small business strategic policy changes, including small business specialists in each acquisition planning meeting, address relevant market research, and instituting small business program training to the Bureau Chiefs. In support of the DATA Act, OSDBU ensures that small business reporting data is inclusive and accurate. Also, OSDBU transformed the office to be more supportive to the Bureau offices. For instance, there is a Program Manager for Compliance and Policy, a Program Manager for Subcontracting Oversight and Small Business Technical Advisor, and one Program Manager for the In-reach/Out-reach program. This change strategically aligns with the Small Business Act and the Secretary's Strategic Plan/Goals.

The OSDBU updated its Small Business Programs Policy Handbook that gives the acquisition workforce a "go-to" tool on small business procurements, source selection guidance, and rules on socio-economic concerns, among other things.

Treasury OSDBU meets monthly with the OSDBU Leadership Council and the Small Business Procurement Advisory Council (SBPAC) to develop small business strategies that impact all federal agencies. Of note, the OSDBU leaders recommended that SBPAC send a representative to OMB's Category Management Forum. By their voting membership and attendance instilled the importance of meeting statutory small business goals when using Category Management principles as outlined in the President's Management Agenda. Treasury Secretary identified small business goal achievement is a key priority.

In FY 2019, OSDBU will conduct Small Business Program Compliance and Surveillance Reviews on each of the Bureaus having procurement authority. The purpose of the review is to ascertain whether small business procurement laws, regulations, policies, and best practices are being followed, review roles and responsibilities, identify challenges and issues, ascertain best practices and lessons learned, and identify any program deficiencies and weaknesses. A small business program health summary will be submitted to the Deputy Secretary by June 2019.

Office of the Senior Procurement Executive (OPE)

In FY 2018, Treasury continued a comprehensive acquisition transformation strategy designed to facilitate innovation, strategic management, efficiency, and effective mission outcomes in compliance with the President's Management Agenda. Central to the strategy is early planning and broad stakeholder participation as well as accelerated transition to strategic acquisition vehicles. In support of the Federal Information Technology Acquisition Reform Act, the Department has placed significant focus on IT acquisition across all procurement programs.

In FY 2018, Treasury continued successful execution of its Major Acquisition Program (MAP) reviews in which primary and senior stakeholders (to include procurement, customer, program management, and legal representatives) jointly and periodically review procurement strategy and progress for critical acquisitions. These reviews provided a forum for development of effective acquisition strategies; early identification and resolution of problems; and sharing of experience and expertise among various stakeholder personnel. FY 2018 reviews mainly focused on pre-award actions and were designed to facilitate successful award of critical contracts. In FY 2018, Treasury reviewed 53 acquisitions, valued at $8.3 billion; reviews included 19 IT acquisitions valued at $2.5 billion. In FY 2019 and FY 2020, the Department anticipates transitioning from pre-award MAP reviews to more robust Acquisition Management Reviews (AMR). An expected outcome of the AMR is to help ensure successful contract performance strategically aligns with mission outcomes by expanding emphasis on the acquisition lifecycle from the time a contracting office receives a complete acquisition package through contract performance, closeout and final payment.

Treasury has achieved both savings and efficiencies through aggregating requirements and leveraging its purchasing power via enterprise-level management of common spend categories. By fully utilizing category management, Treasury seeks to save the Federal Government money through smarter purchasing and greater collaboration across stakeholder organizations and to achieve greater efficiency with fewer resources. Treasury FY 2018 and FY 2019 strategy extends and expands Treasury's transition to the Office of Management and Budget's (OMB) preferred contract vehicles, reducing the need to establish department level contracts and freeing associated resources for focus on other acquisition priorities. In FY 2018, Treasury successfully coordinated with OMB's Category Management Program Management Office (PMO) to more accurately measure Treasury's progress in achieving government-wide category management goals. As a result of OPE's efforts, the Department's utilization of OMB preferred contracts increased from 47 percent in FY 2016, to 54 percent in FY 2017, and 58 percent in FY 2018. The Department anticipates a similar level of progress and collaboration in FY 2018 and FY 2019, bringing Treasury into compliance with the percentage goals established by the President's Management Agenda**.**

Section III – Additional Information

A – Summary of Capital Investments

A summary of capital investment resources, including major information technology and non-technology investments can be found at:
http://www.treasury.gov/about/budget-performance/Pages/summary-of-capital-investments.aspx
This website also contains a digital copy of this document.