

Departmental Offices - S & E

Mission Statement

To promote the conditions for prosperity and stability in the United States and to encourage prosperity and stability in the rest of the world.

Program Summary by Appropriations Account

Dollars in Thousands

Appropriation	FY 2006	FY 2007	FY 2007	FY 2008		
	Enacted	President's Budget	CR-rate	Request	\$ from CR-rate	% from CR-rate
Salaries and Expenses	\$16,329	\$17,501	\$16,325	\$19,815	\$3,490	21.38%
Executive Direction						
Economic Policies and Programs	31,691	41,947	31,581	45,450	13,869	43.91%
Financial Policies and Programs	26,308	25,336	26,254	28,869	2,615	9.96%
Terrorism and Financial Intelligence	39,540	45,401	39,263	56,224	16,961	43.20%
Treasury-wide Management and Programs	16,674	20,372	16,556	20,810	4,254	25.70%
Administration Programs	63,094	73,316	62,191	78,972	16,781	26.98%
Currency Manipulation	990	0	0	0	0	0.00%
Total Appropriated Resources	\$194,626	\$223,874	\$192,171	\$250,141	\$57,970	30.17%

FY 2008 Priorities

The Fiscal Year (FY) 2008 President's Budget request supports the Departmental Offices leading role in accomplishing key Administration goals:

- **Promoting Economic Growth and Security** - Increasing economic growth and stability at home and internationally are key priorities for the U.S. government and the Treasury Department.
- **Strengthening National Security** - Fighting and winning the global war on terror continues to be the Administration's top priority.
- **Maintaining a World-class Treasury** - Using the President's Management Agenda to continually improve the management of Treasury and its program delivery to the American taxpayer.

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Section 1 – Purpose

1A – Description of Bureau Vision and Priorities

The mission of the Departmental Offices (DO) mirrors the mission of the Department of the Treasury: To promote the conditions for prosperity and stability in the United States and to encourage prosperity and stability in the rest of the world.

Departmental Offices, as the headquarters bureau for the Department of the Treasury, provides leadership in such critical areas as economic and financial policy, financial crimes, and general management. DO is responsible for Treasury policy direction and formulation and supports Treasury's role in leading the country and the world to more prosperous and stable economies through improving financial and economic systems, promoting a safe and secure America, and collecting the revenue due to the government.

The FY 2008 Budget request supports DO's leading role in accomplishing key Administration goals:

- ***Promoting Economic Growth and Security*** - Increasing economic growth and stability at home and abroad are key priorities for the U.S. Government and this Department. Treasury will continue to work with international financial institutions and through high-level multilateral forums, such as the G7 and G8, to develop and implement policies that increase productivity, reduce poverty, and prevent financial crises around the world.
- ***Strengthening National Security*** - Fighting and winning the global war on terror continues to be the Administration's top priority. To further this mission in FY 2008, the Treasury Department will expand its capacity to identify potential national security threats; enforce U.S. policies to counter those threats; and will invest in enhancements to its information technology and physical infrastructure to improve data security, access and quality.
- ***Maintaining a World-class Treasury*** – In FY 2008, DO will work to modernize business processes and improve overall efficiency and effectiveness throughout the Treasury Department. Oversight and strengthening of management programs including human resources, acquisition/procurement, training, as well as environmental health and safety, ensure that the Treasury Department remains a world-class organization.

1B – Program History and Future Outlook

Treasury's Departmental Offices has transformed to accomplish missions far beyond the scope of traditional headquarters responsibilities. Departmental Offices now plays a direct role in fighting the war on terror and in promoting the President's economic policy agenda domestically and abroad.

Promoting Economic Growth and Security.

The Department of the Treasury is a lead federal agency for providing economic guidance and support. Treasury's Departmental Offices, including the Offices of International Affairs, Tax Policy, Economic Policy, and Domestic Finance, support the Secretary in this role through the provision of technical analysis, economic forecasting, and policy guidance on issues ranging from changes in tax policy to responding to international financial crises. The Treasury Department also manages the nation's finances by collecting tax revenues due the United States, making its payments, managing its borrowing, investing when appropriate, and performing central accounting functions; all essential for ensuring the integrity of the American financial system.

The Department works with foreign governments, financial institutions and international organizations to promote free and fair trade practices, target development assistance, identify global financial trends, and expand prosperity in the United States and around the world. The Treasury Department plays an important role in the global economy, monitoring over 160 economies to ensure stability and transparency in the global marketplace.

During FY 2006, the Department of the Treasury continued to promote greater exchange rate flexibility, a more balanced economy, and the modernization of China's financial system. In addition to holding bilateral and multilateral discussions with the Chinese leadership, the Department established a permanent, full-time Financial Attaché office in Beijing to significantly bolster its engagement with China. The Department also established a financial regulator working group with the Chinese to discuss key regulatory issues and held the first two meetings of this group.

The Department has also been able to secure agreements in the Organization for Economic Cooperation and Development (OECD) that have reduced subsidies in export credits and tied aid flows valued at over \$70 billion annually. These agreements open markets, level the playing field for U.S. exporters, and save the U.S. taxpayer about \$800 million annually. Cumulative budget savings from these agreements are estimated at over \$11 billion since 1991.

The Department of the Treasury develops and implements economic policies to stimulate economic growth and job creation here in the United States. Treasury will continue to serve the President's economic priorities, including leading efforts to ensure that taxes are collected when due in a fair and efficient manner through oversight of IRS efforts to address the tax gap. DO offices directly support Presidential efforts to reform the tax code, pension and Social Security programs, and entitlement programs.

In FY 2006, the Office of Tax Policy successfully assisted in efforts to elevate awareness of the Administration's position on further expansion of reduced tax rates on capital gains and dividends. Tactics included public dissemination of factual information regarding tax relief, development of a report on "The Economic Impacts of Cutting Dividend and Capital Gains Taxes in 2003," and facilitating a Treasury-sponsored roundtable discussion on the benefits of capital gains and dividends tax cuts.

The Department also provided significant and timely analysis of many health and Medicare reform proposals, agendas, and commissions. A primary focus of the health care work was to study the causes and consequences of high health care spending, which is critical to stimulating economic growth and job creation over the long-term.

Fully funding the President's FY 2008 Budget request will allow the Treasury Department to continue to study, recommend, and support Administration policy initiatives to strengthen the U.S. economy, create more jobs for Americans, and enhance citizens' economic security. The Department will actively work to improve the U.S. pension system, reform Social Security, and improve the federal income tax system by providing timely, usable, and comprehensive analyses that advance the policy process.

The Department of the Treasury is committed to the critical task of fortifying economic relations with foreign countries and financial institutions, working towards creating a platform for global growth and security. The FY 2008 Budget will allow Treasury to continue to devote resources to expand its financial attaché program, begun in 2006. Treasury attachés serve as the U.S. Treasury's representative in key overseas locations and engage in economic diplomacy on behalf of the U.S. Government. This budget request also will allow Treasury to add regional experts to enhance policy coordination on international matters and to support key policy dialogues with priority countries like China.

Treasury is also dedicated to protecting the homeland from international investments that may lead to national security concerns. The Committee on Foreign Investment in the United States (CFIUS) was delegated the Presidential function of investigating the merger or acquisition of U.S. companies by foreign persons for national security implications. The Secretary of Treasury is the chair of CFIUS, and Treasury's Office of International Affairs manages this function on the Secretary's behalf. The growth and economic importance of foreign investment in the United States has increased exponentially the number of cases reviewed by CFIUS. The FY 2008 Budget request provides additional resources to support Treasury in its role as Chair of CFIUS, including administering the interagency CFIUS process.

Strengthening National Security.

The Treasury Department's Office of Terrorism and Financial Intelligence (TFI) leads the U.S. Government's multi-faceted effort to keep the world's financial systems free and open to legitimate users, while excluding those who wish to use these systems for illegal purposes. TFI's activities in this arena focus on stopping the flow of funds and support to terrorist groups, drug traffickers and other criminals; identifying, disrupting and dismantling their support networks; and leveraging the power of the U.S. financial market to isolate state sponsors of terrorism and weapons of mass destruction (WMD) proliferation.

Since it was established in 2004, TFI has achieved significant success in identifying and disrupting the financial support networks of terrorists and other national security threats, and, in recognition of these successes, is increasingly tasked by the National Security

Council and other intelligence and national security bodies with helping to address the most pressing national security issues.

In FY 2006, TFI pursued designations of entities engaged in the proliferation of WMD, continued its efforts to expose terrorist networks, and built on its success of dismantling networks associated with drug cartels. Notable targets have included Iranian and Chinese companies that supplied Iran's military and Iranian proliferators with missile-related and dual-use components; multiple entities, including a Swiss company, that acted as a technology broker for North Korean military goods with weapons-related applications; two overseas branches of the International Islamic Relief Organization, who were bankrolling the al Qaida network in Southeast Asia; individuals and entities providing financial support to the Libyan Islamic Fighting Group, an al Qaida affiliate; and four top leaders of the al Qaida linked to the Southeast Asian Terrorist Organization, "Jemmah Islaiyah." In countering narcotics trafficking, TFI successfully targeted the North Valle drug cartel in four separate actions, which resulted in the designation of 22 individuals and 29 companies, ultimately leading to the exposure and incarceration of two notorious Cali cartel leaders.

The Treasury Department leads the U.S. delegation to the Financial Action Task Force (FATF), the international standard setting body charged with safeguarding the global financial system against money-laundering and terrorist financing. The results of TFI's leadership through that body include impeding access to funds and the financial system by terrorist groups and limiting the ability of organized criminals and other illicit groups to abuse the international financial system.

TFI has also collaborated on a number of reports, including the U.S. Government's first-ever Money Laundering Threat Assessment report and a revision of its Anti-Terrorist Financing Guidelines: Best Practices for U.S.-Based Charities. TFI also worked closely with law enforcement, bank regulators, and other appropriate parties to identify evolving trends in drug proceeds money-laundering, and then communicate these to the U.S. financial industry.

Fully funding the President's FY 2008 Budget request for TFI activities will allow it to continue to improve its capabilities in performing Treasury's National Security mission. Department-wide investments in physical and information technology infrastructure, including construction of a Sensitive, Compartmented Information Facility (SCIF) and investments to enhance and improve the Department's classified information systems, will improve data access, security and quality. The FY 2008 Budget request will also allow TFI to make further investments in personnel to enhance its capacity to respond to emerging national security threats, provide strategic policy coordination in regions key to the fight against terrorist financing, enhance implementation of sanctions against state sponsors of terrorism and WMD proliferation, and to increase TFI's integration into the broader intelligence community.

Maintaining a World-class Treasury.

The Departmental Offices continue to improve the management and operations of the Treasury Department, meeting the President's standard of a results-oriented, citizen-centered government.

Treasury has implemented workforce management initiatives such as Senior Executive Service pay-for-performance, as well as the training and mentoring of over 1,300 current and future managers. Treasury has also been able to expand electronic government products and services, improve internal efficiency and effectiveness, and enhance services to other governmental agencies and the public.

Treasury will continue to work towards identifying and improving its management challenges. Policy guidance is being strengthened to reflect the Department's evolving mission, and stronger oversight and accountability mechanisms are being instituted for the management of information technology investments.

Section 2 – Budget Adjustments and Appropriation Language

2.1 – Budget Adjustments Table

Dollars in Thousands

Appropriation: Salaries and Expenses	FTE	Amount
FY 2006 Appropriation (P.L. 109-115)	1,004	\$196,592
Rescission (P.L. 109-148)	0	\$1,966
FY 2006 Enacted	1,004	\$194,626
FY 2007 President's Budget	1,058	\$223,874
CR-rate Adjustment		(31,703)
FY 2007 CR-rate	1,058	\$192,171
Changes to Base:		
Technical Adjustment to FY 2007 Base due to CR:		
FY 2007 Annualizations		2,511
FY 2007 Initiatives		19,477
FY 2007 MCLs		2,131
FY 2007 Transfers In		5,200
Base Realignment:		
OIA - Security Personnel	5	
Maintaining Current Levels (MCLs):		
Non-Pay Inflation Adjustment		2,342
Pay Annualization		669
Pay Inflation Adjustment		4,129
Initiative Annualization:		
IA - Annualization of FY 2007 Initiative	8	2,580
OFAC - Annualization of FY 2007 Initiatives	12	2,429
OGC - Annualization of FY 2007 Initiatives	6	1,034
OIA - Annualization of FY 2007 Initiative	6	1,261
TP - Annualization of FY 2007 Initiative	3	573
Non-Recurring Costs:		
Non-recur SCIF		(1,000)
Non-recur of Declassification Project		(676)
Non-recur of IA		(684)
Transfers In:		
DF - Critical Infrastructure Protection Transfer from DSCIP	10	2,100
OIA - TFIN Transfer from DSCIP		3,000
Total FY 2008 Base	1,108	\$239,247
Program Increases:		
ED - Enhanced International Economic Policy Coordination	3	618
IA - CFIUS	4	940
OFAC - Economic Sanctions against State Terrorism	2	1,392
OFAC - Sanctions against WMD Proliferation	2	889
OIA - Emerging National Security Threats	10	1,973
OIA - Intelligence Community Integration	1	219
OIA - Intelligence Support	1	215
OIA - Overseas Travel		148
OIA - SCIF		3,000
OIA - Special Security Program	1	477
TFFC - Disrupt and Dismantle Financial Networks	2	638
TFFC - Disrupt and Dismantle Rogue Regimes	2	385
Subtotal FY 2008 Program Changes	28	10,894
Total FY 2008 Request	1,136	\$250,141

2A – Budget Increases and Decreases Description

Adjustments-\$31,703,000 / +0 FTE

CR-rate Adjustment -\$31,703,000 / +0 FTE Adjustment from the FY 2007 President's Budget to reach the FY 2007 Continuing Resolution annualized rate (CR-rate).

Technical Adjustment to FY 2007 Base due to CR+\$29,319,000 / +0 FTE
FY 2007 Annualizations +\$2,511,000 / +0 FTE Funding is requested for completing the full-year cost and FTE realization from initiatives enacted for FY 2006, which support the Office of Terrorism and Financial Intelligence (TFI).

FY 2007 Initiatives +\$19,477,000 / +0 FTE This request provides resources to expand Treasury's overseas presence to provide relevant intelligence and expert analysis to support the formulation of policy on international economics, trade, finance, and combating terrorist financing; and to administer and enforce economic sanctions against terrorist networks. This request also provides resources to: develop policies and implement strategies to safeguard the United States and international financial systems from national security threats; manage the public debt; represent the United States on international monetary, trade, and investment issues; recommend and implement United States domestic and international economic and tax policy.

FY 2007 MCLs +\$2,131,000 / +0 FTE Funds are requested for: the FY 2007 cost of the January 2006 pay increase; the January 2007 pay raise and benefits; non-labor related items such as contracts, travel, supplies, equipment, and General Services Administration (GSA) rent adjustments; and Department of State overseas Capital Security Cost Sharing.

FY 2007 Transfers In +\$5,200,000 / +0 FTE Transfer in of \$1,000,000 from Treasury Building and Annex Repair and Restoration to re-establish a Repair and Improvements (R&I) account. A recurring baseline for major repairs and improvements is needed for the Main Treasury (Historic Landmark) and Annex (Historic Register) infrastructure. Prior to the existence of the TBARR account, DO had a no-year account for this purpose. Additionally, a transfer in of \$4,200,000 and 0 FTE to cover the cost of the U.S. Secret Service security detail provided to the Secretary of the Treasury.

Base Realignment+\$0 / +5 FTE
OIA - Security Personnel +\$0 / +5 FTE Transfer of security personnel from WCF Secure Communications to Office of Intelligence and Analysis (OIA).

Maintaining Current Levels (MCLs)+\$7,140,000 / +0 FTE
Non-Pay Inflation Adjustment +\$2,342,000 / +0 FTE Funds are requested for non-labor related items such as contracts, travel, supplies, equipment and GSA rent adjustments.

Pay Annualization +\$669,000 / +0 FTE Funds are requested for the FY 2008 cost of the January 2007 pay increase.

Pay Inflation Adjustment +\$4,129,000 / +0 FTE Funds are requested for the proposed January 2008 pay raise.

Initiative Annualization+\$7,877,000 / +35 FTE
IA - Annualization of FY 2007 Initiative +\$2,580,000 / +8 FTE In FY 2007, additional resources were requested to expand the Treasury attaché program in countries such as Iraq, China and Afghanistan. Treasury attachés work in tandem with the Office of

International Affairs (IA) and the Office of Terrorism and Financial Intelligence (TFI) to build relationships with foreign officials and work with local U.S. industry and agency representatives to advance U.S. interests. They also provide much-needed intelligence and expertise to U.S. officials in Washington formulating policy on international economics, trade, finance and terrorist finance. Funding is requested for the full FY 2008 cost and FTE realization from this FY 2007 initiative.

OFAC - Annualization of FY 2007 Initiatives +\$2,429,000 / +12 FTE Designated Global Terrorists and their support networks continuously seek new ways of evading U.S. and international sanctions by changing the names and locations of support organizations and financing methods. This creates an additional challenge for the Office of Foreign Assets Control (OFAC) in its responsibility to administer and enforce economic sanctions. Additional positions were requested in FY 2007 for OFAC to monitor and update existing designations to capture these evasions and track the development of new support structures and funding sources. Additionally, in FY 2007 positions were requested to implement and administer the new 2006 WMD Executive Order. These resources would be deployed to identify, target, designate and implement sanctions against the financiers and facilitators of WMD proliferation. Funding is requested for the full FY 2008 cost and FTE realization from these FY 2007 initiatives.

OGC - Annualization of FY 2007 Initiatives +\$1,034,000 / +6 FTE The FY 2007 President's Budget provides funding for three FTEs to finalize the staffing needs of the recently created Office of the Assistant General Counsel for Enforcement and Intelligence (AGC E&I) and three FTEs for OFAC Chief Counsel's Office to meet Treasury's need for essential legal services in support of the Department's most critical anti-terrorism missions. The AGC E&I attorneys provide legal counsel for the Department's essential and growing terrorist financing, money laundering, WMD proliferation, narco-trafficking and economic sanctions programs, and a wide range of intelligence and information-sharing initiatives that are critical to the success of those programs. OFAC's Chief Counsel's Office supports an "operational" client, and its responsibilities include drafting Executive Orders and regulations, and working closely with OFAC and the Justice Department on litigation matters. Funding is requested for the full FY 2008 cost and FTE realization (\$1,034 / +6 FTE) from the FY 2007 initiatives.

OIA - Annualization of FY 2007 Initiative +\$1,261,000 / +6 FTE Additional analyst positions were requested in FY 2007 to effectively address transnational terrorist and illicit finance issues; such as terrorist finance, decentralization and proliferation of terrorist groups, counter-proliferation and critical infrastructure protection. These resources will provide the ability to engage in analyst exchanges with other national security and intelligence community agencies in accordance with the Intelligence Reform and Terrorism Prevention Act of 2005. Funding is requested for the full FY 2008 cost and FTE realization from this FY 2007 initiative.

TP - Annualization of FY 2007 Initiative +\$573,000 / +3 FTE Dynamic analysis of tax policy proposals (analysis incorporating changes in taxpayer behavior), including their

macroeconomic effects, enhance the information provided to decision-makers regarding the effects of their tax policy determinations. The FY 2007 proposed addition of a Dynamic Analysis Division (including a division director and economists) to the Office of Tax Policy facilitates the production of such dynamic analyses relating to proposed Federal tax legislation. Funding is requested for the full FY 2008 cost and FTE realization from this FY 2007 initiative.

Non-Recurring Costs-\$2,360,000 / +0 FTE
Non-recur SCIF -\$1,000,000 / +0 FTE FY 2008 savings achieved from non-recurring costs: -\$1,000,000 associated with the establishment of a Sensitive Compartmented Information Facility (SCIF) in FY 2007.

Non-recur of Declassification Project -\$676,000 / +0 FTE FY 2008 savings achieved from non-recurring costs: -\$676,000 for project expenses for declassification of records.

Non-recur of IA -\$684,000 / +0 FTE FY 2008 savings achieved from non-recurring costs: -\$684,000 for one-time expense related to transfer of new staff to overseas posts in FY 2007.

Transfers In+\$5,100,000 / +10 FTE
DF - Critical Infrastructure Protection Transfer from DSCIP +\$2,100,000 / +10 FTE
Homeland Security Presidential Directive 7 (HSPD-7) designates Treasury as the lead agency for the Banking and Finance sector. The Office of Critical Infrastructure Protection discharges this obligation for the Department, and works to identify, prioritize, and determine the interdependencies of critical assets in order to provide an appropriate level of protection. This initiative, which is also one of the Department's President's Management Agenda milestones, will assist in Treasury's efforts to ensure the resilience of the financial services sector in the event of threats to its physical integrity or viability. This request represents the transfer of Critical Infrastructure Protection salaries from the Department-wide Systems and Capital Investment Program to Domestic Finance, and recognizes that important milestones have been achieved and that permanent staffing will be required to continuously implement these resilience efforts.

OIA - TFIN Transfer from DSCIP +\$3,000,000 / +0 FTE The Treasury Foreign Intelligence Network (TFIN) system supports the Department of the Treasury's capabilities in providing and analyzing meaningful intelligence for senior Treasury Department staff, as well as for other agencies within the Intelligence Community. The data from the TFIN system is utilized by the Secretary of the Treasury, the Deputy Secretary of the Treasury, the Under Secretary for TFI, the Under Secretary for International Affairs, OIA, OFAC, the Financial Crimes Enforcement Network (FinCEN) and other components. The development phase of the TFIN stabilization and modernization project will be completed by the end of FY 2007, requiring funds for user support and ongoing operations and maintenance of the system.

Program Increases+\$10,894,000 / +28 FTE

ED - Enhanced International Economic Policy Coordination +\$618,000 / +3 FTE

The Department of the Treasury is committed to the critical task of fortifying economic relations with foreign countries and financial institutions, working towards creating a platform for global growth and security. To this end, it is necessary to enhance policy coordination and resources through the addition of regional experts. This initiative is for additional staff to support key policy dialogues with countries like China.

IA - CFIUS +\$940,000 / +4 FTE The Committee on Foreign Investment in the United States (CFIUS) is responsible for investigating the merger or acquisition of U.S. companies by foreign persons for national security implications. This function is mandated under the Exxon-Florio Legislation amendment to the Defense Production Act, and is managed by Treasury's Office of International Affairs on the Secretary's behalf. The significance of this work has grown exponentially with the growth of foreign investment into the United States and the sharp increase in transactions filed with CFIUS. Requested resources will be used to recruit investment flow analysts and other specialists. This function is necessary to provide adequate support for, and measure progress toward, achieving the International Affairs objective of ensuring national security and increasing economic growth.

OFAC - Economic Sanctions against State Terrorism +\$1,392,000 / +2 FTE The Office of Foreign Assets Control (OFAC) is committed to combating terrorist networks and state sponsors of terrorism. New Executive Orders with respect to Sudan and Syria were issued in 2006 and the Administration is extensively engaged with respect to Iran. Each new Executive Order and/or OFAC designation of terrorists and their financial networks brings with it increasing demands on OFAC's enforcement, licensing, compliance and administrative support components. Additional resources in these areas are requested to match the increased tempo of new Executive Orders and Treasury designations.

OFAC - Sanctions against WMD Proliferation +\$889,000 / +3 FTE Building on resources requested in FY 2007 to fund the start-up of the sanctions program against WMD proliferation, the FY 2008 President's Budget requests additional resources to effectively implement and administer Executive Order 13382. The WMD sanctions program is a Presidential national security priority, and these resources will be used to strengthen OFAC's ability to track, identify, and designate financiers and other supporters of WMD proliferation. Publicizing the designations, and assigning resources to work with the U.S. public and with government agencies will greatly assist the Treasury Department in effectively isolating financiers and facilitators of WMD proliferation from the U.S. and international commercial communities. The request will also provide OFAC with additional resources to expand its enforcement capacity in support of investigation and blocking activities, which are critical to the enforcement of sanctions.

OIA - Emerging National Security Threats +\$1,973,000 / +10 FTE Eleven intelligence analysts (including three open-source analysts) and five production officers are requested to support the efforts of the Office of Intelligence Analysis (OIA) in addressing the most

pressing and emerging national security issues; including transnational terrorist and illicit finance issues, as well as engage in analyst exchanges with other national security and intelligence community agencies. This request will also allow OIA to establish a permanent intelligence production structure, an essential component to the timely and accurate production of intelligence information.

OIA - Intelligence Community Integration +\$219,000 / +1 FTE Integrating Treasury further into the Intelligence Community (IC) remains one of OIA's top priorities. This is consistent with the information sharing and coordination requirements outlined in the Intelligence Reform and Terrorism Prevention Act of 2004, as well as in Executive Orders 13356 and 13388. Improvements in this arena will increase Treasury's access to critical intelligence, and expand its ability to coordinate on terrorist-financing and WMD proliferation matters with the IC, law enforcement communities, and foreign partners. OIA's participation as a full fledged IC member is closely aligned with the Director of National Intelligence's (DNI) mission objective to improve the integration of the IC. This initiative will allow OIA to hire two additional personnel to engage in analytic exchanges/detail assignments with the National Counterterrorism Center and the Central Intelligence Agency (CIA) – two of Treasury's key intelligence partners.

OIA - Intelligence Support +\$215,000 / +1 FTE The Office of Intelligence Support (OIS) is tasked with providing intelligence on a full range of political, economic, and security matters to the Secretary, Deputy Secretary and other senior Treasury leadership. The information provided by OIS is critical for the Treasury Department's senior leaders' participation in the National Security Council policymaking process. For OIS to succeed in these efforts, it is essential that the office be fully integrated into the intelligence community. The funding requested will enable OIS integration consistent with the information sharing and coordination requirements of the Intelligence Reform and Terrorism Prevention Act and Executive Orders 13356 and 13388. The additional personnel will provide briefing support and facilitate OIA's increased role in the review process for transactions filed with the Committee on Foreign Investment in the United States (CFIUS). Finally, the request provides additional watch officers to fully staff the Department's 24/7 intelligence operations center.

OIA - Overseas Travel +\$148,000 / +0 FTE This initiative would enable OIA intelligence analysts to engage in intelligence/analytic exchanges in key countries, improving Treasury's access to information on priority terrorist financing targets. The OIA analysts would travel to countries where terrorist financing remains a serious problem; where the host governments have not taken sufficiently aggressive action in response to this threat. Intelligence analysts need to build lasting institutional relationships with key counterterrorism intelligence/analytic authorities in these governments, which could result in greater cooperation and more aggressive action by the host countries. Improving the host countries' understanding of Treasury's unique authorities to combat terrorism, including Executive Order 13224 and Section 311 of the USA PATRIOT Act, would greatly benefit the U.S. Government's terrorist financing efforts. This type of travel is valuable both for employee skill development, and in improving their understanding of the regions and countries that they cover.

OIA - SCIF +\$3,000,000 / +0 FTE This initiative is a request for additional secure space to accommodate the new hires in OIA and OFAC's terrorism and WMD proliferation programs. The highly classified work of these expanding units can only be accomplished in specially constructed secure areas, known as Sensitive Compartmented Information Facilities (SCIF). Adequate security infrastructure is critical to protecting the intelligence and national security functions of the Department. OIA's increasing reliance on highly classified intelligence information necessitates additional space requirements, as there is currently a lack of SCIF space in the Treasury building.

OIA - Special Security Program +\$477,000 / +1 FTE Safeguarding the sensitive information provided to the Treasury Department by the National Security Counsel (NSC) and the IC, as outlined in Director of Central Intelligence Directives 6/1 – 6/10, Executive Orders 12333, 12958, and 32CFR2004, is a critical responsibility of OIA. Accidental or unauthorized disclosure of this information could do exceptionally grave damage to national security. The expansion of TFI and its components has placed increased demands on the small staff of the office responsible for special security programs. In addition, with OIA's increased integration into the IC, OIA is now a participant in the IC reciprocity programs, which are required by the DNI of IC members. The expansion of OIA has also resulted in the need for more Sensitive Compartmented Information Facilities to do this highly classified work, which has also significantly increased the responsibilities of the Office of Special Security Programs. This initiative will allow OIA to hire two security specialists to cover these various issues.

TFFC - Disrupt and Dismantle Financial Networks +\$638,000 / +3 FTE This request would provide the Office of Terrorist Financing and Financial Crimes (TFFC) with increased resources to devote specific policy advisors to critical regions in the Western Hemisphere, Africa and the Middle East-South Asia nexus. These regions present specific terrorist financing and financial crimes problems, including money laundering tied to narcotics and arms trafficking, and financial flows to terrorist organizations. The Middle East is of particular concern, as a number of countries continue to provide a base for terrorist fundraisers and financial supporters, particularly to South Asia-based terrorist groups. Additional policy advisors dedicated to these areas will allow the Treasury Department to bring together the U.S. Government tools available to law enforcement and national security agencies in the fight against terrorist financing and financial crime. The requested policy advisors would allow TFFC to meet multiple strategic objectives, including disrupting terrorist financial and support networks and building the capacity of foreign governments to combat terrorist financing.

TFFC - Disrupt and Dismantle Rogue Regimes +\$385,000 / +2 FTE This initiative would fund additional policy advisors to cover North Korea, Afghanistan, Pakistan, India, and Central Asia on pressing financial issues. This funding will allow the Treasury Department to fully leverage tactical successes to develop ongoing strategic approaches to bring additional financial pressures. This initiative is consistent and in support of Executive Orders 13338 and 13382 and Section 311 of the U.S. PATRIOT Act.

2.2 – Operating Levels Table

Dollars in Thousands

Appropriation Title: DO Salaries & Expenses	FY 2007			FY 2007		FY 2008
	FY 2006 Enacted	President's Budget	CR-rate Adjustment	FY 2007 CR-rate	Proposed Operating Level	Requested Level
FTE	1,004	1,058	-	1,004	1,058	1,136
Object Classification:						
11.1 Full-Time Permanent Positions.....	\$91,905	\$100,850	(\$13,293)	\$87,557	\$100,850	\$112,378
11.1 Other than Full-Time Permanent Positions....	2,781	2,781	(538)	2,243	2,781	2,781
11.5 Other Personnel Compensation.....	197	197	76	273	197	197
11.8 Special Personal Services Payments.....	0	0	0	0	0	0
11.9 Personnel Compensation (Total).....	\$94,883	\$103,828	(\$13,755)	\$90,073	\$103,828	\$115,356
12.0 Personnel Benefits.....	19,117	21,548	1,132	22,680	21,548	23,843
13.0 Benefits to Former Personnel.....	0	0	0	0	0	0
21.0 Travel.....	3,000	6,296	(2,723)	3,573	6,296	6,789
22.0 Transportation of Things.....	0	0	0	0	0	0
23.1 Rental Payments to GSA.....	4,000	4,602	(649)	3,953	4,602	5,239
23.2 Rent Payments to Others.....	0	0	0	0	0	0
23.3 Communications, Utilities, & Misc.....	7,967	7,967	5,189	13,156	7,967	7,967
24.0 Printing and Reproduction.....	2,715	2,715	(121)	2,594	2,715	2,715
25.1 Advisory & Assistance Services.....	28,014	41,852	(11,175)	30,677	41,859	52,837
25.2 Other Services.....	9,724	9,724	(386)	9,338	9,724	9,724
25.3 Purchase of Goods/Serv. from Govt. Accts..	18,847	18,847	(8,357)	10,490	18,840	18,840
25.4 Operation & Maintenance of Facilities.....	900	900	76	976	900	900
25.5 Research & Development Contracts.....	0	0	0	0	0	0
25.6 Medical Care.....	0	0	0	0	0	0
25.7 Operation & Maintenance of Equipment.....	1,000	1,000	405	1,405	1,000	1,000
25.8 Subsistence & Support of Persons.....	0	0	0	0	0	0
26.0 Supplies and Materials.....	3,711	3,801	(894)	2,907	3,801	3,857
31.0 Equipment.....	748	794	(445)	349	794	1,073
32.0 Lands and Structures.....	0	0	0	0	0	0
33.0 Investments & Loans.....	0	0	0	0	0	0
41.0 Grants, Subsidies.....	0	0	0	0	0	0
42.0 Insurance Claims & Indemn.....	0	0	0	0	0	0
43.0 Interest and Dividends.....	0	0	0	0	0	0
44.0 Refunds.....	0	0	0	0	0	0
Total Budget Authority.....	\$194,626	\$223,874	(\$31,703)	\$192,171	\$223,874	\$250,141
Budget Activities:						
Executive Direction Programs.....	\$16,329	\$17,501	(\$1,176)	\$16,325	\$17,501	\$19,815
Economic Policies and Programs.....	31,691	41,947	(10,366)	31,581	41,947	45,450
Financial Policies and Programs.....	26,308	25,336	918	26,255	25,336	28,869
Terrorism and Financial Intelligence.....	39,540	45,401	(6,138)	39,264	45,401	56,224
Treasury-Wide Mgmt. Policies and Programs.....	16,674	20,372	(3,816)	16,556	20,372	20,810
Administration Programs.....	63,094	73,316	(11,125)	62,191	73,316	78,972
Currency Manipulation.....	990	0	0	0	0	0
Total Budget Authority.....	\$194,626	\$223,874	(\$31,703)	\$192,171	\$223,874	\$250,141

2B – Appropriation Language

Appropriations Language	Explanation of Changes
<p style="text-align: center;">DEPARTMENT OF THE TREASURY DEPARTMENTAL OFFICES</p> <p style="text-align: center;">Federal Funds</p> <p>SALARIES AND EXPENSES:</p> <p>For necessary expenses of the Departmental Offices including operation and maintenance of the Treasury Building and Annex; 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, \$250,141,000: Provided, That of the amount appropriated under this heading, not to exceed \$3,000,000, to remain available until September 30, 2009, for information technology modernization requirements; not to exceed \$200,000 for official reception and representation expenses; and not to exceed \$258,000 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 his certificate: Provided further, That of the amount appropriated under this heading, \$5,114,000 to remain available until September 30, 2009, is for the Treasury-wide Financial Statement Audit and Internal Control Program, of which such amounts as may be necessary may be transferred between accounts of the Department's offices and bureaus to conduct audits: Provided further, That this transfer authority shall be in addition to any other provided in this Act: Provided further, That of the amount appropriated under this heading, \$3,000,000 to remain available until September 30, 2009 is for secure space requirements: Provided further, That of the amount appropriated under this heading, \$2,300,000, to remain available until September 30, 2009, is for salary and benefits for hiring of personnel whose work will require completion of a security clearance investigation in order to perform highly classified work to further the activities of the Office of Terrorism and Financial Intelligence: Provided further, That of the amount appropriated under this heading, \$2,100,000, to</p>	<p>The language has been amended to remove the allocation of appropriated funds by budget activity. The amended language provides flexibility to the Secretary of the Treasury to meet critical requirements in a timely manner. This methodology is in line with submissions from prior years, and will make DO's reprogramming requirements the same as all other Treasury bureaus.</p> <p>The language requests that representation funds be increased by \$50,000 to reflect Treasury's greater overseas presence and increased international responsibilities.</p> <p>This language requests that \$3M of the DO S&E request for construction of a SCIF be identified as multi-year. Given the scope of the project and project plans for similar</p>

<p>remain available until September 30, 2010, is to develop and implement programs within the Office of Critical Infrastructure Protection and Compliance Policy, including entering into cooperative agreements. (<i>Department of the Treasury Appropriations Act, 2008.</i>)</p>	<p>construction projects, multi-year funding will be necessary.</p> <p>This requests includes a set aside of \$2.3M for the hiring of personnel who require a security clearance. Given the highly specialized background and expertise required to fill these positions, as well as the extended time required to perform background investigations, multi-year funds are necessary.</p>
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2C – Legislative Proposals

Expand the Secretary of the Treasury’s authority to invest excess cash on behalf of the government. The FY 2008 Budget proposes legislation to give the Secretary of the Treasury the ability to manage the government’s short-term excess operating cash more efficiently. Under the current authority, which is codified at 31 U.S.C. 323, the Government is authorized to invest its short-term excess cash in obligations of the United States Government and depository institutions, principally, banks, savings and loan associations and credit unions. This initiative would enable the Secretary of the Treasury to broaden investment options and improve earnings on investments while not increasing the risk of those investments. This initiative is expected to increase interest earnings on the Treasury’s investment of short-term excess cash by approximately \$10 million annually. Such earnings would be deposited in the general fund of the Treasury.

Additional Assistant Secretary for International Affairs. In FY 2007, the Administration will seek legislation to establish a second assistant secretary for International Affairs, funded with existing budgetary resources. One assistant secretary would focus on the Treasury Department's development and regional policy responsibilities while the other would be focused on matters of international capital and trade flows.

Section 3 – Budget and Performance Plan

3.1 – Appropriation Detail Table

Dollars in Thousands

Resources Available for Obligation	FY 2006 Enacted		FY 2006 Obligations		FY 2007 President's Budget		FY 2007 CR-rate		FY 2008 Request		% Change FY 2007 to FY 2008	
	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT
New Appropriated Resources:												
Executive Direction Programs	113	\$16,329	90	\$16,309	119	\$17,501	113	\$16,325	129	\$19,815	14.16%	21.38%
Economic Policies and Programs	222	31,691	169	31,570	232	41,947	222	31,581	244	45,450	9.68%	43.92%
Financial Policies and Programs	182	26,308	130	26,258	184	25,336	182	26,255	197	28,869	8.24%	9.96%
Terrorism and Financial Intelligence	233	39,540	180	39,340	264	45,401	233	39,264	308	56,224	31.97%	43.20%
Treasury-wide Mgmt. Policies and Programs	94	16,674	69	16,664	99	20,372	94	16,556	99	20,810	5.32%	25.70%
Administration Programs	160	63,094	126	62,924	160	73,316	160	62,191	160	78,972	0.00%	26.98%
Currency Manipulation	0	990	0	990	0	0	0	0	0	0	0.00%	0.00%
Subtotal New Appropriated Resources	1,004	194,626	764	194,055	1,058	223,874	1,004	192,171	1,136	250,141	13.15%	30.17%
Other Resources:												
Offsetting Collections - Reimbursable	86	\$19,800	83	\$17,845	90	\$19,800	86	\$17,845	90	\$19,800	4.65%	10.96%
Subtotal Other Resources	86	\$19,800	83	\$17,845	90	\$19,800	86	\$17,845	90	\$19,800	4.65%	10.96%
Total Resources Available for Obligation	1,090	\$214,426	847	\$211,900	1,148	\$243,674	1,090	\$210,016	1,226	\$269,941	12.48%	28.53%

3A – Executive Direction (\$19,815,440 from direct appropriations and \$590,000 from reimbursable programs): The Executive Direction program area provides direction and policy formulation to the Department and DO, and interacts with Congress and the public on Departmental policy matters. Components of Executive Direction include: the Office of the Secretary, Deputy Secretary, Chief of Staff, Executive Secretary, Office of General Counsel, Legislative Affairs, Public Affairs, and Treasurer. No specific performance goals/measures are presented for this budget activity as the work of the offices within this budget activity is captured within the other budget activities.

3.2.1 – Executive Direction Budget and Performance Plan

Dollars in Thousands

Executive Direction Budget Activity	Includes Strategic Objectives E1A, E1B, E1C, E2A, E2B, F3A, F3B, F3C, F4A, F4B, F4D, and M5B				
	FY 2004 Enacted	FY 2005 Enacted	FY 2006 Enacted	FY 2007 President's Budget	FY 2008 Request
Financial Resources					
Appropriated Resources	\$17,067	\$14,430	\$16,329	\$17,501	\$19,815
Other Resources	414	469	590	590	590
Total Operating Level	\$17,481	\$14,899	\$16,919	\$18,091	\$20,405
Human Resources					
Appropriated FTE	106	112	113	119	129
Other FTE	5	3	3	3	3
Total FTE (direct and reimbursable)	111	115	116	122	132

3B – Economic Policies and Programs (\$45,450,170 from direct appropriations and \$3,839,000 from reimbursable programs): The Treasury Department plays both a policy and an operational role in promoting prosperous U.S. and world economies, raising standards of living, and protecting global economic and financial systems through the formulation and execution of United States economic and financial policies that promote growth. The Treasury Department supports U.S. economic growth by developing and implementing policies for domestic economic development, tax programs, banking and financial institutions, and other fiscal matters.

The Office of International Affairs and the Office of Economic Policy monitor domestic and international economic conditions, and collect and analyze financial data, including foreign credits and credit guarantees. The Treasury Department works to establish open trade and investment policies that benefit American workers and encourage growth in developing countries, while also promoting responsible policies regarding international debt and finance. The Treasury Department monitors the economies of more than 160 countries worldwide to ensure stability and transparency in the global marketplace, and works with more than twenty international financial institutions and organizations to target development assistance.

The Secretary of Treasury is the chair of CFIUS –an interagency committee that investigates the merger or acquisition of U.S. companies by foreign persons for national security implications. Treasury’s Office of International Affairs manages this function on the Secretary’s behalf. Recent high-profile investments, and the sharp increase in transactions filed with CFIUS, have demonstrated the importance of dedicating adequate resources to this critical function.

Office of International Affairs. The mission of this office is to:

- Raise economic growth in developed and developing countries;
- Improve financial stability and security in emerging and world markets;
- Increase the effectiveness of U.S. assistance to the world’s poorest countries;
- Enhance the functioning of international financial institutions; and
- Promote an open and transparent international trade and investment market.

Office of Economic Policy. The mission of this office is to:

- Analyze and report on current and prospective economic developments in the U.S. and world economies, and assist in the determination of appropriate economic policies;
- Produce and publish a corporate bond yield curve as required by the Pension Protection Act of 2006;
- Support the Secretary of the Treasury in his roles as Chairman and Managing Trustee of the Social Security and Medicare Boards of Trustees; and
- Conduct research to assist in the formulation and articulation of public policies and positions of the Treasury Department on a wide range of microeconomic issues. Recent examples include terror risk insurance, health care, pension reform and retirement income security, policy responses to a potential flu pandemic, and policy responses to natural disasters such as Hurricanes Katrina and Rita.

Other Resources: Reimbursements totaling \$3.8 million are collected from the U.S. Agency for International Development for Treasury economic and financial technical assistance to foreign governments; and from the Mansfield Center for Pacific Affairs for personnel services rendered on a rotational basis to the Government of Japan’s Ministry

of Finance. (Note: A portion of these funds are allocated to the Executive Direction and Administrative Programs budget activities to support management and legal services provided to reimbursable programs).

3.2.2 – Economic Policies and Programs Budget and Performance Plan

Dollars in Thousands

Economic Policies and Programs Budget Activity	Includes Strategic Objectives E1A, E1C, E2A, E2B, F3A, F3B, F3C, F4A, F4B, and F4D				
Resource Level	FY 2004 Enacted	FY 2005 Enacted	FY 2006 Enacted	FY 2007 President's Budget	FY 2008 Request
Financial Resources					
Appropriated Resources	\$31,837	\$31,203	\$31,691	\$41,947	\$45,450
Other Resources	2,690	3,050	3,839	3,839	3,839
Total Operating Level	\$34,527	\$34,253	\$35,530	\$45,786	\$49,289
Human Resources					
Appropriated FTE	199	218	222	232	244
Other FTE	18	17	17	17	17
Total FTE (direct and reimbursable)	217	235	239	249	260

Economic Policies and Programs Budget Activity	Includes Strategic Objectives E1A, E1C, E2A, E2B, F3A, F3B, F3C, F4A, F4B, and F4D					
Measure		FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Improve International Monetary Fund (IMF) effectiveness and quality through periodic review of IMF programs (Oe)	Target		90%	90%	90%	90%
	Actual		78%	100%		
	Met		No	Yes		
Level of MDB grant financing and satisfactory results measurements (African Development Bank/AFDF Grants) (in millions) (Oe)	Target	294	216	870	870	870
	Actual	65	46	700		
	Met	No	No	No		
Level of MDB grant financing and satisfactory results measurements (Grants as a % of AFDF FY Commitment) (Oe)	Target	21%	19.5%	35%	28.5%	35%
	Actual	39.2%	21.8%	30.5%		
	Met	Yes	Yes	No		
Level of MDB grant financing and satisfactory results measurements (Grants as a % of IDA FY Commitment) (Oe)	Target	22%	19.6%	30.4%	30%	19.6%
	Actual	18.8%	21.4%	25%		
	Met	No	Yes	No		
Level of MDB grant financing and satisfactory results measurements (World Bank/IDA Grants) [in millions] (Oe)	Target	1,602	1,728	3,555	2,025	2,025
	Actual	1,681	1,925	2,025		
	Met	Yes	Yes	No		
Number of new Free Trade Agreement (FTA) negotiations and Bilateral Investment Treaty (BIT) negotiations underway or completed (Oe)	Target		5	9	7	7
	Actual		7	12		
	Met		Yes	Yes		
Percentage of grant and loan proposals containing satisfactory frameworks for results measurement (%) (Oe)	Target		Baseline	90%	90%	90%
	Actual		78%	88%		
	Met		Yes	No		
U.S. unemployment rate (%) (Oe)	Target	5.6%	5.3%	5.2%	5.1%	4.8%
	Actual	5.4%	5.1%	4.6%		
	Met	Yes	Yes	Yes		
US Real Gross Domestic Product (GDP) growth rate (%) (Oe)	Target	3.5%	3.6%	3.4%	3.3%	3.2%
	Actual	4.5%	3.6%	3%		
	Met	Yes	Yes	No		

Key: Oe - Outcome Measure, E - Efficiency Measure, Ot - Output/Workload Measure, and M - Management/Cust. Satisfaction

Description of Performance: One of Treasury's important economic performance goals is to address global imbalances and assure sustainable global growth. One way Treasury accomplishes this goal is by encouraging large economies with fixed or rigid exchange rate regimes to adopt flexible exchange rates. Treasury engaged in and supported economic dialogue with countries, including China, and provided technical advice and assistance so these countries will be able to transition from fixed to flexible regimes. In

FY 2004, Treasury met its target of three regimes becoming more flexible. In FY 2007 and FY 2008 Treasury will continue to work with China and other governments. China is now taking concrete steps to establish the financial infrastructure to implement flexible exchange rates. Treasury is actively assisting China in its efforts to achieve the desired outcome of a flexible China currency.

Another important economic goal for Treasury is to work with foreign governments to open financial services markets to U.S. providers. This goal is accomplished by increasing the number of new Free Trade Agreement (FTA) negotiations and Bilateral Investment Treaty (BIT) negotiations. Treasury seeks strong commitments from U.S. trading partners in these negotiations to ensure those markets are available to the U.S. on a fair and open basis. Once implemented, these agreements serve as a core element of U.S. trading partner's economic infrastructure and help enhance international economic and financial stability. In FY 2006, Treasury negotiated 12 such agreements, which surpassed its target of nine. For FY 2008, Treasury plans to negotiate seven more agreements.

3C – Financial Policies and Programs (\$28,868,940 from direct appropriations and \$4,665,000 from reimbursable programs): The Treasury Department has both a policy and an operational role in promoting prosperous U.S. and world economies, raising standards of living, and protecting domestic and international economic and financial systems. As the principal economic advisor to the Secretary on domestic issues, the offices within the Financial Policies and Programs area provide the economic and financial policy expertise of the Department.

One of the principal objectives of the Financial Policies and Programs area is to enable commerce. The Office of Domestic Finance is responsible for advising and assisting in areas of domestic finance, banking, fiscal policy and operations, and the development of policies and guidance in areas of financial institutions, Federal debt finance, financial regulation and capital markets. The Treasury Department supports U.S. economic growth by developing and implementing policies for domestic economic development, tax programs, banking and financial institutions, and other fiscal matters. The Office of Tax Policy, in addition to providing the Secretary with expert tax analysis, serves as the official representative to a number of international organizations, which contribute to the search for common approaches to addressing current and important tax problems for which international consensus can be very valuable.

Office of Tax Policy. Responsibilities of the Office of Tax Policy include:

- Advising the Secretary, Assistant Secretary of Tax Policy and other Treasury officials on the formulation of the Administration's domestic and international taxation policy, including preparing the Administration's testimony on such legislation;
- Coordinating with Congressional staffs and other agencies on matters related to U.S. domestic and international tax policy, including the documentation of the legislative history of tax legislation and drafting of new legislation;

- Establishing policy criteria derived from rulings and regulations, and guiding preparation of these requirements with the Internal Revenue Service to implement and administer the Internal Revenue Code; and
- Representing the United States in various international organizations, such as the Organization for Economic Cooperation and Development and the G-7.

Office of Domestic Finance. Responsibilities of the Office of Domestic Finance include:

- Assisting in the formulation of policy related to financial institutions, government-sponsored enterprises, critical infrastructure protection, Federal debt management, state and local finance, financial market oversight as well as compliance policy and financial education;
- Establishing policy aimed at deterring U.S. currency counterfeiters;
- Developing systems for the collection, disbursement, management and security of public monies in the United States and abroad, and related government-wide accounting and reporting for those funds; and
- Creating the conditions necessary for the financial sector to be resilient in the event of unforeseeable future events.

Other Resources: Reimbursements totaling \$4.7 million are collected from the Council of Economic Advisors and the Board of Governors of the Federal Reserve for personnel services rendered. (Note: A portion of these funds are allocated to the Executive Direction and Administrative Programs budget activities to support management and legal services provided to reimbursable programs).

3.2.3 – Financial Policies and Programs Budget and Performance Plan

Dollars in Thousands

Financial Policies and Programs Budget Activity	Includes Strategic Objectives E1A, E1C, E2A, E2B, F3A, F3B, F3C, F4A, F4B, and F4D				
	FY 2004 Enacted	FY 2005 Enacted	FY 2006 Enacted	FY 2007 President's Budget	FY 2008 Request
Resource Level					
Financial Resources					
Appropriated Resources	\$23,265	\$25,231	\$26,308	\$25,336	\$28,869
Other Resources	3,269	3,706	4,665	4,665	4,665
Total Operating Level	\$26,534	\$28,937	\$30,973	\$30,001	\$33,534
Human Resources					
Appropriated FTE	163	177	182	184	197
Other FTE	25	26	22	27	27
Total FTE (direct and reimbursable)	188	203	204	211	224

Financial Policies and Programs Budget Activity	Includes Strategic Objectives E1A, E1C, E2A, E2B, F3A, F3B, F3C, F4A, F4B, and F4D					
Measure		FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Audit opinion received on government-wide financial statements (Oe)	Target	Met	Met	Met	Met	Met
	Actual	Met	Met	Met		
	Met	Yes	Yes	Yes		
Release Federal Government-wide financial statements on time (Oe)	Target	Met	Met	Met	Met	Met
	Actual	Met	Met	Met		
	Met	Yes	Yes	Yes		
Variance between estimated and actual receipts (annual forecast) (%) (Oe)	Target	5%	5%	5%	5%	5%
	Actual	3.8%	5%	3.9%		
	Met	Yes	Yes	Yes		

Key: Oe - Outcome Measure, E - Efficiency Measure, Ot - Output/Workload Measure, and M - Management/Cust. Satisfaction

Description of Performance: In FY 2006, the Treasury Department's Office of Domestic Finance released the federal government-wide financial statements on time. The Treasury Department has met this performance target since FY 2004, and expects to continue to meet its targets in FY 2008. The prompt release of this statement is important because it represents the culmination of the recent government-wide campaign to accelerate the issuance of financial reporting. Treasury also manages the government's cash position to ensure that funds are available on a daily basis to cover federal payments and to maximize investment earnings and minimize borrowing costs.

To optimize cash management, the Treasury Department measures the difference between actual and projected receipts. In FY 2006, Treasury continued to improve in forecasting receipts, outlays, debt and overall cash, and met its targeted variance level of five percent. In FY 2007 and FY 2008, the Treasury Department plans to continue efforts to improve its forecasting abilities in order to provide government savings.

3D – Terrorism and Financial Intelligence (\$56,224,450 from direct appropriations and \$3,242,000 from reimbursable programs): The Department of the Treasury's regulatory, law enforcement and intelligence authorities provide powerful tools for the United States to apply pressure against threats to national security when diplomatic outreach may be unproductive and traditional military action may be ineffective or inappropriate. Terrorism and Financial Intelligence (TFI) leverages these authorities to neutralize threats and to safeguard the security of the U.S. and international financial system by excluding those who would use these systems for illegal purposes or to harm U.S. national security interests. The Treasury Department does this while keeping financial systems free and open to legitimate users.

Office of Foreign Assets Control (OFAC). The mission of this office is to administer and enforce economic and trade sanctions based on U.S. foreign policy and national security goals against targeted foreign countries and/or foreign regimes, terrorists, international narcotics traffickers, war criminals and their support structures, and those engaged in activities related to the proliferation of weapons of mass destruction.

Office of Intelligence and Analysis (OIA). OIA’s mission is to support the formulation of policy and execution of Treasury authorities by: 1) producing expert intelligence analysis on financial and other support networks for terrorist groups, proliferators, and other key national security threats and; 2) providing timely, accurate, and focused intelligence on the full range of economic, political, and security issues.

Office of Terrorist Financing and Financial Crimes (TFFC). TFFC is the policy and outreach apparatus for the Department on terrorist financing, money laundering, financial crime, and sanctions issues. The mission of TFFC is to develop and implement strategies, policies and initiatives to identify and address vulnerabilities in the U.S. and international financial system and to disrupt and dismantle terrorist and WMD proliferation financial networks. TFFC also formulates and promotes policies domestically and internationally to combat terrorist financing and financial crime.

Other Resources: Reimbursements totaling \$3.2 million are collected from the Executive Office of Asset Forfeiture and the U.S. Department of Defense. (Note: A portion of these funds are allocated to the Executive Direction and Administrative Programs budget activities to support management and legal services provided to reimbursable programs).

3.2.4 – Terrorism and Financial Intelligence Budget and Performance Plan

Dollars in Thousands

Terrorism and Financial Intelligence Budget Activity	Includes Strategic Objectives F3A, F3B, F3C, and F4B				
	FY 2004 Enacted	FY 2005 Enacted	FY 2006 Enacted	FY 2007 President's Budget	FY 2008 Request
Resource Level					
Financial Resources					
Appropriated Resources	\$23,997	\$34,796	\$39,540	\$45,401	\$56,224
Other Resources	2,271	2,575	3,242	3,242	3,242
Total Operating Level	\$26,268	\$37,371	\$42,782	\$48,643	\$59,466
Human Resources					
Appropriated FTE	159	205	233	264	308
Other FTE	17	15	17	14	14
Total FTE (direct and reimbursable)	176	220	250	278	322

Terrorism and Financial Intelligence Budget Activity	Measure	Includes Strategic Objectives F3A, F3B, F3C, and F4B				
		FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Customer satisfaction with Office of Intelligence Analysis (OIA) analysis in terms of its accuracy, timeliness, and relevance (Oe)	Target			Baseline		
	Actual			0		
	Met			Yes		
Increase the number of outreach engagements with the charitable and international financial communities (Ot)	Target		Baseline	105	70	120
	Actual		95	45		
	Met		Yes	No		
Number of countries that are assessed for compliance with the Financial Action Task Force (FATF) 40+9 recommendations (Ot)	Target		Baseline	45	12	12
	Actual		49	5		
	Met		Yes	No		
Number of open civil penalty cases that are resolved within the Statute of Limitations period (Ot)	Target		Baseline	85	85	85
	Actual		85	85		
	Met		Yes	Yes		

Key: Oe - Outcome Measure, E - Efficiency Measure, Ot - Output/Workload Measure, and M - Management/Cust. Satisfaction

Description of Performance: When the Office of Terrorism and Financial Intelligence (TFI) was established in 2004, the Treasury Department reallocated resources from other programs to support its start-up. While each program that made up TFI had its own performance management system, TFI did not have a system which supported the Department's entire National Security mission. In FY 2005, TFI worked to align its performance goals, objectives and measures with Treasury's Strategic Plan. TFI's focus on performance management led to significant changes in its suite of performance measures - several established performance measures were discontinued and several new measures were developed or are under development.

Although the Treasury Department is making progress in combating the financing of terrorists and other national security threats, quantifying these results is challenging. Given the clandestine nature of the activities of terrorists and proliferators of weapons of mass destruction, it is impossible to estimate what portion of the money intended for their support was blocked, and the Department has relied on proxy indicators to estimate the effectiveness of its actions; more refined measures to assess performance will be implemented in the future.

Combating money laundering and denying terrorists access to the global financial system is an integral element in the U.S. strategy for winning the war on terror. Through diplomatic efforts and the provision of technical assistance to foreign governments and the international financial community, the Treasury Department encourages implementation of anti-money laundering/counter terrorist financing standards designed to deny terrorists access to a country's financial systems. Without implementation of these standards worldwide, terrorists will enter the international financial system at the point of least resistance, and preventative national efforts will be rendered less effective. These standards are an important element in the financial war on terror. One way the Department tracks its effort in this important area is through the measure "Number of Countries" that are "assessed for compliance with the Financial Action Task Force (FATF) 40+9 Recommendations." In FY 2006, 5 countries were assessed for compliance with these international standards. This is much below the target. However, classified assessments are no longer being included, resulting in the reduction of reported recommendations. As a result, the baseline for this performance measure has been changed.

The Treasury Department tracks its engagements with U.S. and international governments and private institutions through the measure "Increase the number of outreach engagements with charitable and financial communities." In FY 2006, the Department worked with 45 entities to ensure their financial systems are safeguarded from money laundering. In FY 2008, the Treasury Department plans to work with 120 entities.

In addition to its efforts to prevent money laundering and terrorist financing through diplomatic means, the Department administers and enforces economic sanctions against individuals, organizations and regimes which pose a threat to U.S. national security. In FY 2006, the Department established baselines for a new efficiency measure relating to

the processing of license and interpretive guidance requests, and a workload measure relating to the resolution of civil penalty cases.

The Treasury Department also plays an important role in collecting, analyzing and, when appropriate, disseminating intelligence about how terrorists and other criminal networks operate. A composite measure of the impact of the Department's intelligence and analytical activities is under development.

3E – Treasury-wide Management and Programs (*\$20,809,970 from direct appropriations and \$4,681,000 from reimbursable programs*): Treasury-wide Management's (TWM) primary responsibility within the Department of Treasury is to create the conditions which allow for Administration priorities and goals to be achieved in the most efficient and effective manner. Treasury-wide Management provides strategic plans and policy direction in the fields of: human resources; emergency management, including Treasury employee evacuation and Continuity of Operations; information technology security; and financial administration, including the formulation and management of the Treasury budget. The development of these integrated plans help to align policy and operations in order to produce maximum value for the American people.

TWM is also responsible for the development, implementation and oversight of the Federal Information Security Management Act of 2002 (FISMA). FISMA was created to provide a broad framework for ensuring the effectiveness of controls around information security in support of Federal operations. FISMA aims to effectively reduce information security risks, including coordination of information security efforts throughout the civilian, national security, and law enforcement communities. Given the critical mission supported by the Department, this issue is especially essential to Treasury and DO. TWM will act on behalf of Treasury in developing and coordinating the Department's response to this mandate. Resources will be devoted to this task in FY 2008.

Other Resources: Reimbursements totaling \$4.9 million are collected from the Internal Revenue Service Oversight Board, Department of Homeland Security, D.C. Pensions, and other Treasury bureaus for services rendered. (Note: A portion of these funds are allocated to the Executive Direction and Administrative Programs budget activities to support management and legal services provided to reimbursable programs).

3.2.5 – Treasury-wide Management and Programs Budget and Performance Plan

Dollars in Thousands

Treasury-wide Management and Programs Budget Activity		Includes Strategic Objective M5B				
Resource Level	FY 2004 Enacted	FY 2005 Enacted	FY 2006 Enacted	FY 2007 President's Budget	FY 2008 Request	
Financial Resources						
Appropriated Resources	\$17,564	\$16,245	\$16,675	\$20,372	\$20,810	
Other Resources	3,283	3,722	4,681	4,681	4,681	
Total Operating Level	\$20,847	\$19,967	\$21,356	\$25,053	\$25,491	
Human Resources						
Appropriated FTE	84	96	94	99	99	
Other FTE	6	12	7	14	14	
Total FTE (direct and reimbursable)	90	108	101	113	113	

Treasury-wide Management and Programs Budget Activity		Includes Strategic Objective M5B				
Measure		FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Complete investigations of EEO complaints within 180 days (%) (Oe)	Target	40%	50%	50%	50%	50%
	Actual	31%	36%	20%		
	Met	No	No	No		
Injury and illness rate Treasurywide-including DO (Oe)	Target	3.12	3	2.8	2.6	2.4
	Actual	3.94	2.8	1		
	Met	No	Yes	Yes		
Management cost per Treasury employee (\$) (E)	Target		Baseline	\$40.27	\$38.21	\$40.96
	Actual		\$39.33	\$40.59		
	Met		Yes	No		
Number of open material weaknesses (Oe)	Target	6	4	2	1	1
	Actual	8	7	1		
	Met	No	No	Yes		
Percent of complainants informally contacting EEO (for the purposes of seeking counseling or filing a complaint) who participate in the ADR process (%) (Oe)	Target		25%	25%	30%	30%
	Actual		25%	25%		
	Met		Yes	Yes		

Key: Oe - Outcome Measure, E - Efficiency Measure, Ot - Output/Workload Measure, and M - Management/Cust. Satisfaction

Description of Performance: DO, through TWM, is committed to building a world-class organization through accountability, with a clear and understood strategic direction. The focus of the past year has been on measurable ways to monitor progress toward key goals related to building a world class organization both in Departmental Offices and Treasury-wide.

TWM has placed heavy emphasis on creating an environment that is fair and equitable, and monitors Treasury-wide progress through a number of performance metrics. In FY 2006, the average number of EEO complaint closures completed within 180 days was 20 percent. This is well below the target goal of 50%. A management review was conducted to identify problem areas at the Treasury Complaint Center (which processes all complaints for all bureaus), and a need for different leadership in this area was identified. A new Director for the Complaint Center position began in November of 2006, and will assist the Department in meeting its goal in FY 2007 and FY 2008.

The Department of Treasury measures bureau performance plans for supervisors, management and SES members that contain elements linking to the bureau mission. This measure ensures that the policies and priorities set for DO by TWM and the

Administration are evident in the actions and tasks executed by management throughout the organization. For FY 2006, Treasury reached 100 percent of this goal.

In FY 2004, the Department of Labor recognized Treasury for reducing the total injury and lost time injury rates by more than 10 percent each, well below the recommended three percent for all federal agencies. In 2006, Treasury continued its aggressive occupational safety and health program and had a 1.8 percent reduction.

The Department works to attract and retain the best talent while rewarding employees for their individual performance. Building a stronger management infrastructure through Department-wide management training and by linking organization accomplishments to individual performance is a key step. The Department's leadership strives to create an environment that offers purposeful, challenging work in a constructive performance culture. TWM has laid a foundation that is focused on results-oriented performance, leadership succession planning and accountability to not only maintain the present skills base and diversity in the Department's workforce, but to also meet future human resource needs. The Department-wide succession plan ensures that future management acquires appropriate skills to enable them to lead the Department in an ever-changing environment.

3F – Administration Programs (*\$78,972,030 from direct appropriations and \$2,783,000 from reimbursable programs*): Administration Programs provides operational support and shared services to all offices within DO. Activities include accounting, budget, human resources, information technology, procurement, facilities support, and travel services. Approximately one-third of the budget activity relates to information technology support (desktop computers, printers, faxes, copiers, helpdesk support, etc.). Another one-third consists of shared services: GSA rent, utilities, telecommunications, printing and graphics, public transit subsidy, workers compensation, and financial system support. By centralizing shared services, economies of scale and workload efficiencies are achieved. The final third consists of employee salaries, routine building maintenance, custodial services, library services, etc. No specific performance goals/measures are presented for this budget activity, as the work of the offices within this budget activity is captured within the other budget activities.

3.2.6 – Administration Programs Budget and Performance Plan

Dollars in Thousands

Administration Programs Budget Activity	Includes Strategic Objectives E1A, E1C, E2A, E2B, F3A, F3B, F3C, F4A, F4B, F4D, M5A, and M5B				
	FY 2004 Enacted	FY 2005 Enacted	FY 2006 Enacted	FY 2007 President's Budget	FY 2008 Request
Financial Resources					
Appropriated Resources	\$61,340	\$56,506	\$63,094	\$73,316	\$78,972
Other Resources	1,948	2,209	2,783	2,783	2,783
Total Operating Level	\$63,288	\$58,715	\$65,877	\$76,099	\$81,755
Human Resources					
Appropriated FTE	163	152	160	160	160
Other FTE	16	15	18	15	15
Total FTE (direct and reimbursable)	179	167	178	175	175

For detailed information about each performance measure, including definition, verification and validation, please go to:

http://www.treas.gov/offices/management/dcfo/accountability-reports/2006-par/Part_IV_Appendices.pdf

Section 4 – Supporting Materials

4.1 – Human Resources Table

Changes in Full Time Equivalents

Direct FTE	FY 2006	FY 2007	FY 2008	
Base: Year-end Actual from Prior Year	858	1,004	1,058	
Increases:				
Reason #1:	Initiatives to promote national security	146	54	68
Reason #2:	Initiatives to promote global economic growth and financial security			10
Subtotal, Increases	146	54	78	
Decreases:				
Subtotal, Decreases	0	0	0	
Year-end Actual/Estimated FTEs	1,004	1,058	1,136	
Net Change from prior year SOY to budget year EOY			132	

4A – Human Capital Strategy Description

By providing sound advice and guidance regarding hiring, retention, rewarding, employee/labor relations, performance evaluation, training and employee development, the DO's Office of Human Resources (OHR) helps to ensure that management has the HR tools it needs to manage its human capital effectively and in support of the organization's overall and human capital strategic goals.

Specific accomplishments for fiscal year 2006 include the following:

HC Strategic Goal 1: Organizational Effectiveness – *Align human capital plans, strategies, and systems to achieve organizational effectiveness and mission accomplishment.*

- In 2005, DO undertook a major initiative to move transactional HR processing to the Bureau of the Public Debt (BPD), consolidate recruitment and staffing functions at BPD, and revamp on-site HR services to focus on areas aligned with Treasury's Human Capital Strategic Plan. To ensure the quality and

delivery of HR services, the on-site Office of Human Resources (OHR) focused on evaluating the effectiveness of services provided. Prior to entering into a continued agreement with BPD for fiscal year 2006, OHR worked with BPD to memorialize and implement service level standards (SLS) for key HR functions. These SLS are now a part of the continuing memorandum of understanding between the two entities. At the end of each quarter, OHR conducts a review of how well BPD met those SLS during the preceding quarter. During the third quarter of this fiscal year, managers/supervisors were surveyed to find out how well they perceived BPD was doing in supporting their HR management needs. In looking at the accuracy of services provided, the OHR conducted an audit of a sample of staffing/hiring actions done by BPD to determine compliance with Federal hiring rules and regulations.

- DO's OHR staff conducted an exhaustive review of the organization's current performance management system. A "get-well plan" was derived from this review that focuses on communication and education and includes briefings for senior leaders and training for managers/supervisors, senior advisors and administrative support staff involved in performance management. The objectives of the briefings/training are: alignment of performance expectations with organizational goals; accountability for results; credible measures; and meaningful distinctions in performance. Moving forward, HR staff will continually evaluate the effectiveness of DO's performance management system.
- The OHR also added another tier to its leadership/executive training program. The New Supervisory Readiness Training Program was implemented this fiscal year and is targeted to DO supervisors with three years or less of Federal supervisory experience. The goal of the program is to equip new supervisors for the myriad of personnel, ethical, and budgetary challenges they will face, thus providing them essential management tools early in their supervisory careers. Components of this 40-hour training include Merit Principles and Prohibited Personnel Practices, Talent and Position Management, EEO, Ethics, Performance Management, Adverse Actions, the Budget and Acquisition Process, Emergency Preparedness, Personnel Security, Records Management and Workplace Safety.
- In 2006, DO continued its efforts to build leadership bench strength through the Leadership Training Program (LTP – targeted to high-performing GS-15s and newly appointed senior executives). The LTP is 12-18 months in duration and encompasses residential stays, formal classroom training, presentations/briefings, rotational/stretch assignments, coaching/mentoring, and book discussions. The organization also competitively selected five employees to participate in the Internal Revenue Service's Executive Readiness Program.

HC Strategic Goal 2: Recruitment and Diversity – *Recruit and hire a highly skilled and diverse workforce aligned with business goals.*

- In support of the Office of Intelligence and Analysis (OIA), OHR worked with OIA leadership, in partnership with the DNI Chief Human Capital Officer, to pursue and obtain Office of Personnel Management approval for direct-hire authority for certain intelligence and intelligence-related positions. A unique and relatively new organization directly involved with the war on terror, the OIA had encountered significant challenges in quickly filling analyst positions with the best-qualified individuals. Use of the direct-hire authority provides the organization a competitive edge in that it substantially streamlines the Federal hiring process.
- As always, DO advocates the use of a variety of excepted appointments to ensure that new talent is hired as quickly as possible, e.g., Presidential Management Fellows; Student Career Experience Program; Departmental Office-specific fellowship programs; and other authorities. DO actively supports initiatives aimed at increasing the diversity of its workforce, including providing internships to students under the Hispanic National Internship Program and the Washington Internships for Native American students (WINS).
- DO also continues to advocate the use of a variety of pay and workplace scheduling flexibilities, where appropriate, e.g., recruitment bonuses, superior qualifications appointments and alternative work schedules.

HC Strategic Goal 3: Employee Retention and Satisfaction – *Retain a high performing workforce while maintaining an environment conducive to a high level of employee satisfaction.*

- With an increased emphasis on retirement and other benefits on the part of DO employees, the OHR staff began conducting “Benefits Brown Bag” sessions during the third quarter. These one-hour sessions are scheduled each month to discuss benefits topics of interest to employees. The goal of each session is to provide basic facts about benefits programs that help employees make better choices/decisions regarding their benefits. Sessions fill quickly and the response has been overwhelmingly positive.
- Based on the number of DO employees eligible to retire within the next five years, OHR contracted with an outside vendor to provide three retirement seminars during this fiscal year – two for CSRS employees and one for FERS.

HC Strategic Goal 4: Information Technology – *Enhance workforce capabilities to support the use of current, new and evolving technologies.*

- There are a number of automated tools available to DO managers, supervisors and employees that provide a wealth of personnel/payroll data. To market the effectiveness of these tools, OHR has added a component on HR-related technology to the New Employee Orientation Program. Making employees aware of these valuable tools early in their DO careers will empower them to keep abreast of the HR matters that impact them or their organizations (in the case of managers/supervisors) directly, and is expected to decrease the number of personnel/payroll inquiries received by the on-site staff and BPD.
- Recognizing the importance human resources data can play in managing an organization, the aforementioned New Supervisory Readiness Training Program includes a detailed segment on the Manager Self Service component of HR Connect, the agency's enterprise human resources management system.

As in the previous fiscal year, DO faces a number of human capital challenges in FY 2007:

- Increasing competition from private sector and other government agencies for mission-critical positions such as intelligence analysts, economists and information technology specialists.

Strategies for Addressing Challenge:

- Increased education about and support of a variety of hiring/retention flexibilities and incentives, such as direct hire (where request to OPM is appropriate), superior qualifications appointments, recruitment bonuses, student loan repayment, retention allowances and alternative work arrangements/schedules.

- Loss of institutional knowledge through retirement waves, particularly for the managers and senior executives.

Strategies for Addressing Challenge:

- Increased emphasis on determining leadership bench strength and supporting leadership/executive development programs that help to identify and prepare cadres of future leaders, and gaining approval to hire at a level needed to continue to meet mission objectives.
- Work with DO policy offices to identify succession issues and develop appropriate strategies, emphasizing an overall need to conduct workforce planning to transition and maintain technical knowledge.

- Instilling and developing a performance management culture that is results-oriented.

Strategy for Addressing Challenge:

- Increased education around aligning commitments to organizational goals and developing measurable, results-based standards/commitments.

4.2 – Summary of IT Resources Table

Dollars in Millions

Information Technology Investments (in \$ Millions)									
Major IT Investments	Budget Activity/Funding Source	FY 2005		FY 2006	% Change from FY05 Actuals to FY06	FY 2007	% Change from FY06 to FY07	FY 2008	
		Operating Plan	Obligations	Operating Plan	Enacted	Request	% Change from FY07 to FY08		
Financial Analysis & Reporting System (FARS) Applications -Major	Treasury-wide Management	\$0.000	0.000	0.000	N/A	3.099	N/A	3.190	2.9%
DC Pension System to Administer Retirement (STAR)	DC Federal Pension/Judicial Retirement Funds	12.800	12.800	4.998	-61.0%	9.732	94.7%	1.870	-80.8%
Treasury Foreign Intelligence Network (TFIN)	Terrorism and Financial Intelligence	2.325	2.325	13.306	N/A	21.200	59.3%	3.000	-85.8%
Subtotal, Major IT Investments		\$15.1	\$15.1	18.304	21.0%	34.031	85.9%	8.060	-76.3%
Non-Major IT Investments		\$2.0	\$2.0	4.937	145.7%	8.057	63.2%	6.440	-100.0%
Infrastructure Investments		\$134.2	\$134.2	167.328	24.7%	168.030	0.4%	179.617	-100.0%
Enterprise Architecture		\$1.2	\$1.2	1.397	14.8%	2.160	54.6%	2.120	-100.0%
Total IT Investments		\$152.5	\$152.5	191.966	25.8%	212.278	10.6%	196.237	-7.6%

4B – Information Technology Strategy

The Office of the Chief Information Officer (OCIO) Telecommunications Management organization supports the IT infrastructure and operations of critical offices including the Office of the Secretary, the Assistant Secretary for Management, DO policy offices, and the newly formed Office of Terrorism and Financial Intelligence. This includes the management of technical staff, program and project managers, and budgetary and administrative staff, as well as overseeing the development, implementation, and operation of DO IT systems. In order to effectively support and plan for current and future DO customer requirements, OCIO is focused on the following areas:

Modernize the DO IT Infrastructure: Modernization of the DO IT infrastructure will provide enhanced functionality, performance, and security, which will allow offices to achieve their missions more effectively. Specific projects will include enhanced disaster recovery capabilities, consolidation of remote access solutions, and software and hardware upgrades, and overall optimization of the DO IT network, which will be developed in accordance with the Infrastructure Line of Business.

Improve IT Governance and Project Management: OCIO is committed to ensuring that information and IT resources are managed efficiently and effectively. In support of DO IT governance and project management, the OCIO Telecommunications Management team has reestablished a Customer Service Board (CSB) to address DO customer issues with service delivery, determine requirements and detailed planning for new projects, and provide overall senior management engagement and oversight.

4.3 – PART Evaluation Table

PART Name:	African Development Fund
Year PARTed:	FY 2005
Rating:	Effective

OMB Major Findings/Recommendations

1. The African Development Fund is starting to improve its performance measurement and use of performance-based funding allocations. In the latest donor negotiation, the Fund and donors agreed to implement better results measurement for key development goals, such as education, and reconfirmed the allocation of funding towards better-performing countries, but more remains to be done.
2. In the negotiations, the Fund and donors agreed to reforms to improve the ability of the poorest countries to handle their debts. In particular, they agreed that grants to assist the poorest countries will be expanded based on countries' debt vulnerability. Grants are expected to rise to more than one-third of the Fund's assistance.
3. Accountability and transparency require additional improvements. The Bank Group has established a new anti-corruption and fraud unit and improved internal financial controls. The Bank Group is also expanding public access to its documents but more remains to be done.

Bureau Actions Planned or Underway

1. Working with Congress to secure \$136 million annually for the period 2006 to 2008 to fund the US commitment to the latest African Development Fund replenishment.
2. Monitoring the Fund's effectiveness in achieving its development objectives, including its progress in measuring and meeting development objectives across-the-board.
3. Working with Fund and other donors to improve the ability of developing countries to handle their debt, including providing grants to the most debt-vulnerable countries using the Fund.

PART Name:	Tropical Forest Conservation Act
Year PARTed:	FY 2004
Rating:	RND

OMB Major Findings/Recommendations

1. The program has been unable to measure its impact on increasing tropical forest conservation. It does not have performance measures that would enable a meaningful evaluation of program effectiveness.
2. The Administration has developed a tool to help manage and measure the success of existing and pending agreements. This evaluation sheet will measure the success of country boards and oversight committees in developing a strategic plan that specifies key objectives, conservation and funding priorities, target dates in meeting those objectives, and key efficiency measures.
3. The Administration is now collecting evaluation sheet data, and actual performance data will be reported in 2006. A re-evaluation may be performed as early as 2007.

Bureau Actions Planned or Underway

1. Using information presented in evaluation sheets for existing programs to develop recommendations for improved program management, and to justify future funding requests. .
2. Working with the boards, oversight committees, and program partners to include the evaluation sheet tool or other appropriate evaluations in all new agreements.

PART Name: Asian Development Fund
Year PARTed: FY 2005
Rating: RND

OMB Major Findings/Recommendations

1. The Fund recently agreed to improve its performance measurement and performance-based allocations. In the latest donor negotiations, the AsDF-9 replenishment, the Fund and donors adopted several important reforms to improve performance and to implement results measurement, including launching the Managing for Results action plan. These reforms remain to be implemented and expanded in the future.
2. AsDF-9 agreed to reforms to improve the ability of the poorest countries to handle their debts. In particular, it established a new program to give 30 percent of funding in the form of grants to these countries. These reforms remain to be implemented.
3. Transparency and accountability in the Bank Group are improving. AsDF-9 requires more transparency through improved information disclosure and communication policies. The Bank Group's anti-corruption and auditing procedures require improvements.

Bureau Actions Planned or Underway

1. Working with Congress to secure \$115 million annually for the period 2006 to 2009 to fund the U.S. commitment to the latest Asian Development Fund replenishment (AsDF-9).
2. Monitoring the Fund's improvements and implementation of measures to show its effectiveness in achieving development goals, including its progress in meeting development objectives across-the-board.
3. Working with the Fund and other donors to improve the ability of developing countries to handle their debt, including increasing the amount of grants for the most debt-vulnerable Asian countries.

PART Name: Bank Enterprise Award
Year PARTed: FY 2002
Rating: RND

OMB Major Findings/Recommendations

1. This program is unable to measure results because it can not determine how awardees would behave in the absence of the program.

Bureau Actions Planned or Underway

1. Working with Congress to consolidate this program into a more efficient and effective federal program within the Department of Commerce and the Department of Housing and Urban Development.

PART Name: Economic and Trade Sanctions Program - OFAC

Year PARTed: FY 2008

Rating: RND

OMB Major Findings/Recommendations

1. OFAC needs to develop long-term performance goals with specific timeframes and measures.
2. OFAC needs to develop annual performance goals and align them with the long-term performance goals.

Bureau Actions Planned or Underway

1. Developed long-term and short-term performance goals with specific timeframes and measures, including:

Long Term

The percentage of civil penalty cases that are resolved within the Statute of Limitations Period.

Target: (Baseline)

Short Term

The percentage of license and interpretive submissions turned around in 60 days.

Target: (Baseline)

The number of outreach engagements with government and the private sector promoting compliance with OFAC regulations.

Target: 60/year

For a complete list of PART results visit the following website:

<http://www.whitehouse.gov/omb/expectmore/all.html>

4C - FY 2007 Supplemental Request

FY 2007 Supplemental Request

Appropriation Language

For an additional amount for Salaries and Expenses, \$2,538,000.

Supplemental Request Description

The FY 2008 President's Budget includes a FY 2007 supplemental Budget request of \$2,538,000, to be used for funding the Iraq Threat Finance Cell and Treasury's Deputy Attaché in Baghdad. Treasury and the Department of Defense (DOD) are co-chairing the Iraq Threat Finance Cell in support of the Global War on Terrorism. The unit will work to enhance the collection, analysis and dissemination of financial intelligence to combat financiers, facilitators, and financial networks supporting the Iraqi insurgency. This funding is critical in supporting and strengthening U.S., Iraqi and Coalition efforts to disrupt and eliminate financial and other material support to the insurgency.

The Deputy Attaché for Baghdad will perform a variety of activities, including: engaging regularly with senior officials in the Iraqi Ministry of Finance and Central Bank; advising and assisting the U.S. Ambassador on economic and financial matters; briefing U.S. Government agencies on the developments on the ground; tracking down data and economic updates requested by the U.S. Government; and coordinating and monitoring Treasury Technical Assistance policy in fiscal and financial areas. Treasury has only one Attaché in Iraq, and funding for the Deputy Attaché is essential to providing critical support to the Administration's fiscal, monetary, and financial sector reform efforts.