

Department of the Treasury
Departmental Offices
Salaries and Expenses

Congressional Justification
for Appropriations and
Annual Performance
Report and Plan

FY 2018

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Section I – Budget Request

A – Mission Statement

Maintain a strong economy and create economic and job opportunities by promoting conditions that enable economic growth and stability at home and abroad and manage the U.S.

Government’s finances and resources effectively.

B – Summary of the Request

By streamlining its workforce and finding more efficient ways to manage its programs, Departmental Offices (DO) will achieve savings of \$20,326,000 in FY 2018. This budget request supports the Presidential Executive Order on a comprehensive plan for reorganizing the Executive Branch to improve the efficiency, effectiveness, and accountability of federal agencies. Within the reduced funding level, DO will maintain its commitments to tax reform, cybersecurity, and critical infrastructure protection for both Treasury information technology systems and the U.S. financial sector, while promoting economic growth in the U.S., advancing U.S. economic and financial policy priorities around the world, enhancing U.S. competitiveness and job creation, and promoting international financial stability. DO also expects to maintain effective managerial and administrative support to DO offices and the Department of the Treasury.

1.1 – Appropriations Detail Table

Dollars in Thousands

DO Salaries and Expenses Appropriated Resources	FY 2016		FY 2017		FY 2018		FY 2017 to FY 2018			
	Enacted		Annualized CR		Request		Change		% Change	
	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT
New Appropriated Resources										
Executive Direction	151	\$37,943	159	38,102	143	34,578	(16)	(\$3,524)	-10.06%	-9.25%
Domestic Finance and Tax Policy	299	\$84,591	331	81,215	301	73,804	(30)	(\$7,411)	-9.06%	-9.13%
International Affairs and Economic Policy	247	\$58,520	241	57,951	227	52,875	(14)	(\$5,076)	-5.81%	-8.76%
Treasury-wide Management and Programs	117	\$41,446	160	44,809	140	40,494	(20)	(\$4,315)	-12.50%	-9.63%
Subtotal New Appropriated Resources	814	\$222,500	891	\$222,077	811	\$201,751	(80)	(\$20,326)	-8.98%	-9.15%
Other Resources:										
Offsetting Collections - Reimbursables	189	\$102,882	107	\$102,882	107	\$102,882	0	\$0	0.00%	0.00%
Subtotal Other Resources	189	\$102,882	107	\$102,882	107	\$102,882	0	\$0	0.00%	0.00%
Total Budgetary Resources	1,003	\$325,382	998	\$324,959	918	\$304,633	(80)	(\$20,326)	-8.02%	-6.25%

Note: Due to a change in accounting methodology, FTE providing administrative support to the Office of Terrorism and Financial Intelligence (TFI) were realigned from reimbursable to direct resources in FY 2017. This change did not affect the level of support to TFI. FY 2016 FTE and Other Resources are Actual.

1.2 – Budget Adjustments Table

Dollars in Thousands

DO Salaries and Expenses	FTE	Amount
FY 2017 Annualized CR	891	\$222,077
Changes to Base:		
Maintaining Current Levels (MCLs):	0	\$4,284
Pay-Raise	0	\$2,129
Pay Annualization	0	\$780
Non-Pay	0	\$1,375
Subtotal Changes to Base	0	\$4,284
Total FY 2018 Base	891	\$226,361
Program Changes:		
Program Decreases	(80)	(\$24,610)
Streamline Staffing	(80)	(\$14,697)
Reduce Contracts, Supplies, and Equipment	0	(\$9,913)
Subtotal Program Changes	(80)	(\$24,610)
Total FY 2018 Request	811	\$201,751

C – Budget Increases and Decreases Description

Maintaining Current Levels (MCLs) +\$4,284,000 / +0 FTE

Pay Raise +\$2,129,000 / +0 FTE

Funds are requested for the proposed January 2018 pay-raise.

Pay Annualization +\$780,000 / +0 FTE

Funds are requested for annualization of the January 2017 pay-raise.

Non-Pay +\$1,375,000 / +0 FTE

Funds are requested for non-labor expenses such as travel, contracts, rent, supplies, and equipment.

Program Decreases -\$24,610,000 / -80 FTE

Streamline Staffing -\$14,697,000 / -80 FTE

To align with the administration’s initiative to improve government efficiency and effectiveness, Departmental Offices is implementing a staffing streamlining effort to ensure appropriate levels for meeting Treasury’s mission and objectives, and maximum effectiveness and efficiency.

Reduce Contracts, Supplies, and Equipment -\$9,913,000 / +0 FTE

Departmental Offices will achieve savings through reductions to non-labor activities, such as service contracts, equipment, and supplies. These include potential reductions in advisory services, electronic data and periodical subscriptions, warehouse footprint, janitorial and landscaping services, FOIA assistance, internal controls support and contractual support to the American Recovery and Reinvestment Act.

1.3 – Operating Levels Table

Dollars in Thousands

DO Salaries and Expenses Object Classification	FY 2016 Actual	FY 2017 Annualized CR	FY 2018 Request
11.1 - Full-time permanent	100,821	113,165	104,519
11.3 - Other than full-time permanent	1,850	2,077	1,918
11.5 - Other personnel compensation	2,301	2,583	2,385
11.9 - Total personnel compensation	104,972	117,824	108,822
12.0 - Personnel benefits	32,490	36,468	33,682
Total Personnel and Compensation Benefits	\$137,462	\$154,292	\$142,504
21.0 - Travel and transportation of persons	4,156	4,239	4,059
22.0 - Transportation of things	360	367	265
23.1 - Rental payments to GSA	840	850	618
23.2 - Rental payments to others	875	893	644
23.3 - Communication, utilities, and misc charges	399	407	294
24.0 - Printing and reproduction	132	135	97
25.1 - Advisory and assistance services	23,057	19,076	16,962
25.2 - Other services from non-Federal sources	10,516	8,676	7,736
25.3 - Other goods and services from Federal sources	27,020	22,500	19,877
25.4 - Operation and maintenance of facilities	78	80	57
25.7 - Operation and maintenance of equipment	601	613	442
26.0 - Supplies and materials	3,742	3,817	3,253
31.0 - Equipment	6,012	6,132	4,943
32.0 - Land and structures	2,746	0	0
43.0 - Interest and dividends	2	0	0
Total Non-Personnel	\$80,536	\$67,785	\$59,247
Total Budgetary Resources	\$217,998	\$222,077	\$201,751
FTE	814	891	811

Note: This table includes total annually appropriated funding (actuals for FY 2016, FY 2017 Annualized CR and FY 2018).

D – Appropriations Language and Explanation of Changes

Appropriations Language	Explanation of Changes
<p style="text-align: center;">DEPARTMENT OF THE TREASURY DEPARTMENTAL OFFICES <i>Federal Funds</i> SALARIES AND EXPENSES (INCLUDING TRANSFER OF FUNDS)</p> <p><i>For necessary expenses of the Departmental Offices including operation and maintenance of the Treasury Building and Freedman's Bank Building; hire of passenger motor vehicles; maintenance, repairs, and improvements of, and purchase of commercial insurance policies for, real properties leased or owned overseas, when necessary for the performance of official business; executive direction program activities; international affairs and economic policy activities; domestic finance and tax policy activities, including technical assistance to state and local entities; and Treasury-wide management policies and programs activities, \$201,751,000: Provided, That of the amount appropriated under this heading— (1) not to exceed \$350,000 is for official reception and representation expenses; (2) not to exceed \$258,000 is for unforeseen emergencies of a confidential nature to be allocated and expended under the direction of the Secretary of the Treasury and to be accounted for solely on the Secretary's certificate; and (3) not to exceed \$24,000,000 shall remain available until September 30, 2019, for— (A) the Treasury-wide Financial Statement Audit and Internal Control Program;(B) information technology modernization requirements; (C) the audit, oversight, and administration of the Gulf Coast Restoration Trust Fund; (D) the development and implementation of programs within the Office of Critical Infrastructure Protection and Compliance Policy, including entering into cooperative agreements; (E) operations and maintenance of facilities; and (F) international operations.</i></p> <p>Note.—A full-year 2017 appropriation for this account was not enacted at the time the budget was prepared; therefore, the budget assumes this account is operating under the Further Continuing Appropriations Act, 2017 (P.L. 114–254). The amounts included for 2017 reflect the annualized level provided by the continuing resolution.</p>	<p>The Administration proposes “state and local entities” because Treasury needs broad authority to provide technical assistance. The Administration requests two-year funding for the operations and maintenance of facilities to allow the ability to execute multi-year contracts. The Administration requests two-year funding for international operations to facilitate invoicing, receipt of reimbursements, and obligation of funds for staff assigned to overseas posts including at international financial institutions pursuant to 5 U.S.C. § 3343.</p>

E – Legislative Proposals

Treasury has no legislative proposals for DO Salaries and Expenses.

Section II – Annual Performance Plan and Report

A – Strategic Alignment

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

The FY 2018–2022 strategic plan is currently under development. The annual performance plan will be updated in the FY 2019 budget to reflect the new priorities.

B – Budget and Performance by Budget Activity

2.1.1 Executive Direction Resources and Measures

Dollars in Thousands

Resource Level	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
	Actual	Actual	Actual	Actual	Actual	Annualized CR	Request
Appropriated Resources	\$37,219	\$35,763	\$34,588	\$35,313	\$37,778	\$38,102	\$34,578
Other Resources	\$4,545	\$4,691	\$15,137	\$21,677	\$29,632	\$29,632	\$29,632
Budget Activity Total	\$41,764	\$40,454	\$49,725	\$56,990	\$67,410	\$67,734	\$64,210
FTE	160	156	162	189	209	193	177

Executive Direction Budget and Performance

(\$34,578,000 from direct appropriation, \$29,632,000 from reimbursable resources):

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.

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

2.1.2 International Affairs and Economic Policy Resources and Measures

Dollars in Thousands

Resource Level	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
	Actual	Actual	Actual	Actual	Actual	Annualized CR	Request
Appropriated Resources	\$59,277	\$56,804	\$56,265	\$57,362	\$59,061	\$57,951	\$52,875
Other Resources	\$1,293	\$2,275	\$4,891	\$5,896	\$14,680	\$14,680	\$14,680
Budget Activity Total	\$60,570	\$59,079	\$61,156	\$63,258	\$73,741	\$72,631	\$67,555
FTE	237	232	226	259	272	255	241

Measure	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2016	FY 2017	FY 2018	FY 2012 -
	Actual	Actual	Actual	Actual	Actual	Target	Target	Target	FY 2016
									Trend
IA - Monitor Quality and Enhance Effectiveness of International Monetary Fund (IMF) Lending Through Review of IMF Country Programs	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	
IA - Monitor Quality and Enhance Effectiveness of MDB Lending Through Review of MDB Grant and Loan Proposals	N/A	100.0	100.0	100.0	100.0	100.0	100.0	100.0	
IA - Percentage of MDB Grant and Loan Proposals Containing Satisfactory Frameworks for Results Measurement	94.0	92.0	93.0	93.0	89.0	94.0	94.0	95.0	
IA - Timely Review of CFIUS Cases	N/A	100.0	100.0	100.0	100.0	100.0	100.0	100.0	
OTA - Program Engagement	3.9	3.8	3.7	3.8	3.9	3.6	3.6	3.6	

International Affairs and Economic Policy Budget and Performance

(\$52,875,000 from direct appropriation, \$14,680,000 from reimbursable resources):

The offices in this budget activity promote economic growth in the U.S. by producing technical economic analyses for the Secretary and advancing U.S. economic and financial policy priorities around the world.

During the past year, Economic Policy staff in the Office of Macroeconomic Analysis closely monitored U.S. economic performance, producing many hundreds of succinct, quick-turn reports on more than 50 recurring economic indicators. The office's high-quality analytic updates served as DO's main internal source of information on U.S. macroeconomic developments and informed a wide range of high-level engagements and official publications. The office also served as Treasury's lead in the "Troika" process, a semi-annual exercise in which Treasury, the Office of Management and Budget (OMB), and the Council of Economic Advisers (CEA) develop the economic assumptions that drive the Administration's ten-year forecast and directly determines the Administration's annual budget proposals. Finally, the office continued to deliver the High-Quality Market Corporate Yield Curve (a set of daily rates issued on a monthly basis)

as mandated under the Pension Protection Act and to produce a Treasury Real Coupon-Issue Yield Curve, a companion to the Treasury Nominal Coupon-Issue Yield Curve, and several other yield curves. These yield curve data are used by federal agencies that administer federal pension programs and other future payment programs to calculate their annual liabilities.

Economic Policy staff in the Office of Microeconomic Analysis also produced an estimate of state Total Taxable Resources, which estimates the relative fiscal capacity of states and is used in determining the allocation of funds for the Community Mental Health Services and Substance Abuse Prevention and Treatment block grant programs. The Office of Microeconomic Analysis has been actively engaged in helping the public and policymakers understand important economic policy issues through several white papers:

- A series of Economic Security issue briefs, covering earnings and income, young adults, older women, and the safety net.
- A framework for comparing public-private partnerships and conventional procurement in infrastructure finance.
- An examination of the economic effects of non-compete contracts.

These white papers complemented the office's contributions to intra-agency and inter-agency policy development on these subjects.

In FY 2016, the Office of International Affairs (IA) helped ensure a favorable external environment for sustained job growth and financial stability in the U.S. by prioritizing its work around five themes: Trade and Investment; Global Rebalancing; International Financial Stability; Management; and International Development.

In its role as lead for international negotiations on non-insurance financial services and transfers, Treasury pursued critical financial services commitments and robust transfers provisions of trade and investment negotiations. Treasury developed a new provision prohibiting data localization measures in the financial services sector and negotiated provisions to address unfair currency practices by promoting transparency and accountability. Treasury will continue working with our trading partners to promote the Administrations' trade agenda in all these areas. Treasury also plays an important U.S. Government role on broader trade issues such as State Owned Enterprises, Customs, and other trade related disciplines that impact Treasury equities. Treasury is playing a lead role in analyzing the implications of the United Kingdom's exit from the European Union for U.S. financial services firms. In addition, as the U.S. lead in negotiating reductions of export finance subsidies, Treasury continues to press China and other major providers of export finance to agree to disciplines on government support, so that U.S. exporters can compete globally on a level playing field. These efforts serve not only to enhance U.S. competitiveness but also move export credit financing to a more market basis consistent with Congressional mandates.

Treasury works to address the large and persistent global imbalances and unfair currency practices that threaten strong and sustainable U.S. economic growth. Treasury does this through multilateral and bilateral activities working through the International Monetary Fund (IMF), the G-20, and the U.S.-China Comprehensive Economic Dialogue (CED). Treasury has successfully gotten other G-20 Finance Ministers to agree to a new IMF report that will regularly assess the G-20's progress toward achieving strong, sustainable, and balanced growth, as well as regularly assess potential for policy development and policy issues related to achieving faster and more

sustainable adjustment of external imbalances. Treasury is focused on combatting unfair currency practices that disadvantage U.S. industry and workers, and to this end, has strengthened the semi-annual surveillance of the exchange rate practices of U.S. major trading partners. Treasury also continues to press for stronger exchange rate surveillance in the IMF.

In the 2016 bilateral economic dialogue with China, Treasury secured new and strengthened commitments that will ensure that China's economic growth continues to deliver concrete benefits for the American people, including addressing excess industrial capacity; promoting non-discriminatory trade and investment measures; improving economic transparency; and advancing policies to shift China's growth model to one driven by household consumption rather than investment and exports.

In FY 2016, Treasury continued to support the U.S. economy's recovery by mitigating the threat from weak growth in the euro area and working to limit negative economic and financial spillovers from the crisis in Greece and the conflict in Ukraine. Specific activities included: working with European counterparts to help maintain long-term sustainability of the euro; advancing the establishment of a centralized European banking union; working with the IMF and others to monitor progress towards economic stabilization in vulnerable, strategically important countries; and implementing technical assistance and loan guarantee programs for Ukraine.

Treasury leverages multilateral mechanisms to advance inclusive economic growth worldwide through IA's work in support of the Multilateral Development Banks' (MDBs) financing in developing countries; G-20 initiatives on financial inclusion and infrastructure finance; and the Paris Club's targeted debt treatments. In FY 2015, Treasury led the U.S. negotiating team for the Addis Ababa Action Agenda (AAAA), the outcome document of the Third International Conference on Financing for Development. The AAAA serves as the foundational document to guide the financing and implementation of the "Sustainable Development Goals"; this shifted the focus for development financing to a greater attention on developing countries' own domestic resource mobilization efforts and private sector investment, in addition to official bilateral and multilateral development assistance.

Treasury also enhanced its oversight of the MDBs' policies and programs, including completing negotiations for replenishments of the World Bank's International Development Association (IDA), the African Development Fund, and the Inter-American Development Bank Group's Multilateral Investment Fund; monitoring implementation of the World Bank's new environmental and social safeguards framework; and continuing reviews of the World Bank's shareholding and capital. Treasury also worked with the MDBs to make more optimal use of their balance sheets, including IDA's plans to leverage its equity by borrowing from the markets for the first time and implementation of the merger of concessional and non-concessional lending windows at the Asian Development Bank and Inter-American Development Bank.

IA rebalanced resource allocations to reflect changing mission requirements. Areas addressed in the reallocation include the increasing demands associated with coordinating international financial regulatory reform and chairing the Committee on Foreign Investment in the United States (CFIUS). IA continued implementation of the results of a strategic review to improve CFIUS's ability to timely identify, assess, and resolve any national security concerns that may be posed by foreign acquisitions of U.S. businesses. At the same time, IA began to direct additional staffing resources to increase its capacity to manage a record-breaking caseload in terms of volume and complexity.

Treasury, as chair of CFIUS, coordinates an interagency process to review certain foreign investments for national security risks in accordance with the procedures and tight deadlines specified in law and regulation.

- Timely Review of CFIUS Cases: This measure tracks compliance with statutory deadlines for completing national security reviews of transactions notified to the Committee on Foreign Investment in the United States (CFIUS) to ensure that the CFIUS process is timely and efficient. The target (100 percent) was met in FY 2016. Office of International Affairs' target for this measure in FY 2017 and FY 2018 is 100 percent.

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

- Monitor Quality and Enhance Effectiveness of International Monetary Fund (IMF) Lending through Review of IMF Country Programs: This measure tracks efforts by IA staff to monitor the quality of IMF country programs and ensure the application of appropriately high standards for the use of IMF resources. The target (100 percent) was met in FY 2016. In FY 2017 and FY 2018, IA's target for this measure remains 100 percent.
- Monitor Quality and Enhance Effectiveness of MDB Lending through Timely Review of MDB Grant and Loan Proposals: IA reviews MDB loan and grant proposals to ensure that funded projects meet several key goals, which include supporting long-term U.S. objectives, having a measurable development impact, and being consistent with congressional mandates. The target (100 percent) was met in FY 2016. In FY 2017 and FY 2018, IA aims to continue its review of 100 percent of MDB loan and grant proposals prior to the date of the relevant Executive Board meeting and increase its oversight of projects during implementation.
- Percentage of MDB Grant and Loan Proposals Containing Satisfactory Frameworks for Results Measurement: This measure tracks the percentage of grant and loan project proposals that contain a satisfactory framework for measuring project results (such as outcome indicators, quantifiable and time-bound targets, etc.) This information is measured on an annual basis. In FY 2016, 89 percent of MDB grant and loan project proposals had excellent or satisfactory ratings for the results matrices. The decrease in the MDB results frameworks ratings is attributed to a slight increase in large complex MDB projects where the results targets were not adequately robust based on our analysis. To address this going forward, Treasury continues to engage with MDBs to improve their focus on stronger investment outcomes. The FY 2017 target is 94 percent and the FY 2018 target is 95 percent.

Treasury's Office of Technical Assistance (OTA) complements Treasury's international economic and terrorist financing policy work. Treasury's offices of International Affairs and Terrorism and Financial Intelligence advocate for improvements in economic and terrorist financing policies internationally. OTA helps the governments of developing and transition countries build the human and institutional capacity to implement such policy improvements. Finance ministries and central banks of developing countries that have demonstrated a strong commitment to reforming their financial systems or public financial management can receive direct assistance from OTA through its cadre of expert advisors. The technical assistance team leverages its funding to increase transparency and accountability, reduce corruption, and strengthen the development of market-based policies and practices in these economies.

OTA support promotes more effective use of a country’s own resources and helps reduce dependency on foreign aid. This work also supports stabilization of financial sectors in national security/foreign policy priority countries (e.g., Ukraine), more transparent and accountable financial sectors for U.S. investors overseas, and the expansion of markets for U.S. exporters, thus promoting jobs and economic growth at home.

- **Office of Technical Assistance (OTA) Program Engagement (Traction):** measures the degree to which foreign counterparts are engaging proactively and constructively with OTA advisors, at the working and policy levels. Counterpart engagement is both a key outcome of OTA efforts to structure and execute effective technical assistance projects that support host country ownership as well as the most crucial input to the successful achievement of the intermediate goals and ultimate outcomes described in the project’s terms of reference and work plan during the fiscal year – such as passage of law or regulation, an increase in government revenues, an improvement in a government’s credit rating, or a reduction in economic crimes. The measure is scored on a 5-point scale and averaged across all projects to provide one overall measure of OTA’s performance. In FY 2016, the Traction score was 3.9, exceeding the target of 3.6. In FY 2017 and FY 2018, IA’s target for Traction is 3.6.

2.1.3 Domestic Finance and Tax Policy Resources and Measures

Dollars in Thousands

Resource Level	FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016 Actual	FY 2017 Annualized CR	FY 2018 Request
Appropriated Resources	\$71,451	\$68,351	\$81,783	\$76,520	\$79,748	\$81,215	\$73,804
Other Resources	\$11,629	\$12,804	\$24,977	\$40,240	\$55,231	\$55,231	\$55,231
Budget Activity Total	\$83,080	\$81,155	\$106,760	\$116,760	\$134,979	\$136,446	\$129,035
FTE	288	326	339	364	398	386	356

Measure	FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016 Actual	FY 2016 Target	FY 2017 Target	FY 2018 Target	FY 2012 - FY 2016 Trend
DF-Variance Between Estimated and Actual Receipts (Annual Forecast)(%)	3.8	2.5	3.25	2.8	3.1	4.25	4.25	4.25	

Domestic Finance and Tax Policy Budget and Performance

(\$73,804,000 from direct appropriation, \$55,231,000 from reimbursable resources):

The Offices of Domestic Finance and Tax Policy monitor and provide advice and assistance to the Secretary in their respective areas, including about financial markets and the regulation of financial institutions.

In FY 2016, the Office of Tax Policy (OTP) developed proposals for tax reform and budget proposals to streamline and modernize existing tax laws and procedures. The office also developed and implemented regulations and procedures for new programs established by Congress, including guidance relating to the Kline-Miller Multiemployer Pension Reform Act (MPRA), new centralized partnership audit rules, and State-sponsored and federally tax-free

Achieving a Better Life Experience (ABLE) Act accounts. OTP also led interagency and intergovernmental efforts for coordination and cooperation regarding tax policy. This includes:

- Work with the Organization for Economic Co-operation and Development (OECD) and the United Nations that led to adoption by both bodies of new tax treaty policies;
- Coordination with the Department of Education in modeling student loan defaults.

OTP continued to provide leadership for the OECD, Global Forum, and G-20, advocating for the interests of U.S. based businesses. Further, the office published a new U.S. model tax treaty that contains technical improvements to protect against abuse. In FY 2017 and FY 2018, OTP plans to continue engaging in bilateral tax treaty negotiations to modernize existing treaties, establish key new treaty relationships, and actively engage international organizations to protect the fiscal and business interests of the U.S.

The Office of Domestic Finance (DF) continued working in FY 2016 to promote America's long-term economic strength and stability by preserving confidence in the U.S. Treasury securities market, managing federal fiscal operations and the U.S. government's debt, advising state and local governments about their finances, supporting small businesses, strengthening financial institutions and markets, promoting access to credit, and improving financial access and financial independence.

During FY 2016, DF led 10 cybersecurity exercises involving government and private-sector participants. The exercises explored a variety of threat scenarios, how the participants would respond, and developed after action reports for future improvement. Also in 2016, Treasury, as chair of the Financial and Banking Information Infrastructure Committee (FBIIC), coordinated among the FBIIC to reach agreements to permit the sharing of cybersecurity information among its member financial regulatory agencies. This information-sharing is augmented with monthly briefings from Treasury and its partners to regulators and the financial sector on cyber threats and actionable information. Taken together, these actions help organizations prevent security incidents, respond faster when they occur, and strengthen overall network resilience and defense.

The DF Office of Debt Management (ODM) seeks to fund the federal government at the least cost over time by working to maintain predictable issuance of Treasury debt, minimizing the amount of interest the government must pay, and managing debt maturity over time. In FY 2016, ODM determined for more than 260 auctions the amount and maturity of debt that the Bureau of the Fiscal Service issued. These debt issuances totaled \$8.0 trillion and raised \$795 billion in new cash to fund the U.S. government.

In May 2017, DF launched the new USAspending.gov website. It allows taxpayers to examine nearly \$4 trillion in annual federal spending and see how this money flows from congressional and presidential actions to local communities and businesses. The new site is the culmination of a nearly three-year collaborative effort led by the Treasury Department and the Office of Management and Budget. The data is compiled from federal agencies and published quarterly.

The DF Office of Financial Stability (OFS) continued to wind down investments in the Troubled Asset Relief Program (TARP) while continuing its housing programs. OFS has made significant progress towards winding down TARP investment programs and continues to implement housing programs to help struggling families avoid foreclosure. As of March 31, 2017, OFS had recovered nearly 98 percent of the \$435.9 billion in total program funds disbursed under TARP,

as well as an additional \$17.6 billion from Treasury’s equity in AIG. When all of Treasury’s AIG investments are included, the amount recovered is greater than the funds disbursed by \$6.6 billion.

DF has one performance measure:

- **Variance between estimated and actual receipts (annual forecast) (percent):** As part of managing the federal government’s central operating account and cash position, the DF Office of Fiscal Projections (OFP) forecasts net cash flows (e.g., federal receipts, outlays, and other miscellaneous flows) to ensure that adequate funds are available daily to cover federal payments. To determine its overall effectiveness, one of OFP’s metrics is to measure the variance between actual and projected federal receipts. A lower variance is better.

The actual variance for FY 2016 was 3.1 percent, which is significantly lower than the 4.25 percent target for FY 2016. The target for both FY 2017 and FY 2018 is 4.25 percent.

2.1.4 Treasury-wide Management and Programs Resources and Measures

Dollars in Thousands

Resource Level	FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016 Actual	FY 2017 Annualized CR	FY 2018 Request
Appropriated Resources	\$40,441	\$35,223	\$31,802	\$35,971	\$41,112	\$44,809	\$40,494
Other Resources	\$17,478	\$15,320	\$30,858	\$55,213	\$3,339	\$3,339	\$3,339
Budget Activity Total	\$57,919	\$50,543	\$62,660	\$91,184	\$44,451	\$48,148	\$43,833
FTE	151	123	139	171	124	164	144

Measure	FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016 Actual	FY 2016 Target	FY 2017 Target	FY 2018 Target	FY 2012 - FY 2016 Trend
Percent of Procurement Dollars Spent on Small Business	38.52	39.15	36.91	35.11	36.17	37.0	35.0	35.0	
Treasury-wide Engagement Index of the FEVS	70.0	68.0	66.0	67.0	67.0	67.0	67.0	68.0	
Treasury-wide Footprint (Square Footage)	37,998	37,320	36,411	35,439	34,894	34,927	34,310	33,650	
Treasury-wide Leaders Lead Index of the Federal Employee Viewpoint Survey (FEVS)	N/A	N/A	53.0	54.0	55.0	55.0	55.0	56.0	

Treasury-wide Management and Programs Budget and Performance

(\$40,494,000 from direct appropriation, \$3,339,000 from reimbursable resources):

This budget activity includes offices that are responsible for the internal management and policy of the Department: the Office of the Assistant Secretary for Management; the Office of the Chief Information Officer; the Office of Privacy, Transparency, and Records; the Office of the Senior Procurement Executive; the Office of the Chief Human Capital Officer; the Office of Emergency Programs; the Office of the Deputy Chief Financial Officer; the Office of Civil Rights and Diversity; the Office of Minority and Women Inclusion; and the Office of the Deputy Assistant Secretary for Management and Budget.

Treasury-wide Management and Program's performance metrics are:

- **Percentage of Procurement Dollars Spent on Small Business:** In FY 2016, Treasury aimed to meet or exceed all small business contracting goals. While Treasury did not meet its overall small business goal of 37 percent, missing the mark by 0.83 percent, it met or exceeded all other prime-contract small business goals. The following Treasury bureaus were included in the goaling report, with no exclusions: Office of the Comptroller of the Currency, Office of Thrift Supervision, and the Bureau of Engraving and Printing (BEP). The preponderance of the negative impact, on the goals, lies with BEP, which continues to face unique challenges. Because of the highly specialized nature of BEP in producing U.S. banknotes and the fixed costs associated with creating currency, there are a limited number of vendors globally who are able to supply key raw materials and highly specialized printing equipment to perform the work. Unless a waiver can be granted or the exclusions are considered in the goaling report, both the small business prime and subcontracting goals will continue to be a challenge. Treasury attended and conducted outreach activities to provide small business (SB), small and disadvantaged business (SDB), women-owned small business (WOSB), HUBZone small business (HZ), and service-disabled veteran-owned small business (SDVOSB) with information about specific contract opportunities and technical assistance about conducting business with Treasury. This outreach work will continue in FY 2017 and FY 2018. Particularly noteworthy is that Treasury far exceeded the contracting goals for the following socioeconomic groups: SDB at five percent, WOSB at five percent, HZ at three percent, and SDVOSB at three percent. Contract obligations tripled for SDB to 15.29 percent, 11.59 percent for WOSB, 4.49 percent for HZ, 4.17 percent for SDVOSB. Throughout FY 2017, Treasury will continue to employ the successful strategies of targeted outreach, enhanced leadership accountability, policies, tools and resources, and increased intra-agency communication with the expectation of achieving its goals. The FY 2017 overall small business goal has been set at 35 percent. Treasury's FY 2016 small business contract achievements are expected to be announced by the Small Business Administration in the spring or early summer 2017.
- **Treasury-wide "Engagement" Index of Federal Employee Viewpoint Survey (FEVS):** Treasury's strategy focused on improving employee engagement in a number of areas, thereby creating an opportunity to improve the effectiveness of our workforce while improving our ranking among other Federal Agencies. Strategic efforts were focused on Overall Satisfaction, Leaders Lead, and the Inclusion Quotient – Fairness. Treasury conducted two Treasury-wide Engagement review sessions for high-level leadership during FY 2016 in addition to bureau-level reviews. Treasury's scores for the Engagement Index increased from 66 percent for FY 2015 to 67 percent for FY 2016.
- **Treasury-wide Footprint (Square Footage):** This goal measures the total square footage occupied by Treasury's owned and leased buildings. To reduce the Department's real

property footprint and maximize the use of existing real property assets, the Department maximized space utilization by undertaking space realignments, consolidations, and improved work station standards.

- Treasury-wide “Leaders Lead” Index of Federal Employee Viewpoint Survey (FEVS): Treasury also set the goal to increase the “Leaders Lead” index above FY 2015 results. Treasury’s score for the Leaders Lead Index increased from 54 percent in FY 2015 to 55 percent in FY 2016, and Treasury’s score led the government-wide average by two percentage points.

Office of the Chief Human Capital Officer

In FY 2016, Treasury continued execution of its FY 2014 – FY 2017 Human Capital Strategic Plan, focusing efforts on improving quality in the delivery of human capital services and increasing workforce engagement, performance, development, and diversity. The Department obtained the 2302(c) Compliance Certification from the Office of the Special Counsel, becoming the second largest federal agency to achieve certification for strengthening awareness of the Merit System Principles and Prohibited Personnel Practices with supervisors, managers, and executives. Treasury successfully converted to the government-wide executive performance management framework and achieved full Office of Personnel Management (OPM) certification of the Treasury Executive Performance Management System. The Treasury Executive Institute (TEI) increased its subscriber base by a total of eight additional agencies/components and reduced the TEI member assessment fee for the second year in a row. TEI nearly tripled the number of its remotely accessible programs (from 62 to 171) and more than doubled (from 2,057 to 4,276) total attendance over FY 2015. The Department also improved the hiring process at Departmental Offices, resulting in a decrease in average Time-to-Hire from 119 days in FY 2015 to 98 days in FY 2016. In FY 2017, Treasury will continue to focus on building workforce planning capabilities in support of federal efforts to expand the strategic management of federal human capital and close skills gaps in Federal and Treasury mission-critical occupations. Treasury will also begin implementation of an enterprise Integrated Talent Management system that will, when fully deployed at the end of FY 2018, provide employees a single, modern system for learning, performance, and career planning; give leadership a consolidated view of the Department’s human capital; and consolidate 24 stand-alone legacy systems into a single, cloud-based system.

Office of Civil Rights and Diversity

In FY 2017, Treasury developed a new Diversity and Inclusion Strategic Plan, which mapped to both the Department's Strategic Plan and the Human Capital Plan. The bureaus have developed implementation plans specific to each bureau. The Office of Civil Rights and Diversity (OCRD) coordinated with the Human Resources Engagement Strategy to improve the morale of the workforce as reflected in the Federal Employee Viewpoint Survey (FEVS), with a specific focus on the new Inclusion Quotient portion of the survey. Treasury’s scores in the Diversity and Inclusion portion of the FEVS have remained stable, but the scores in the area of Fairness have declined. Focus groups will be held to determine what is driving those numbers. OCRD also coordinated a number of major studies, including a barrier analysis of the Senior Executive Service at Treasury and a gender pay equity study. Additionally, this office continues to work with the Treasury Executive Institute to develop programming for executives and senior level staff in the areas of diversity and inclusion.

Office of the Deputy Chief Financial Officer

For FY 2016, the Department received its seventeenth consecutive unmodified audit opinion on its Treasury-wide financial statements. Treasury anticipates unmodified audit opinions for the consolidated audit for FY 2017 and FY 2018. Overall, the Department has made strong progress in enhancing its internal control environment and remains committed to ensuring high standards of integrity and transparency in reporting its financial performance.

Office of Small and Disadvantaged Business Utilization

The Department is proud of the collective effort that led to the outstanding achievement of exceeding four out of five small business prime goals and three out of five subcontracting goals. The “A” score is a testament to the hard work and professionalism of the procurement and acquisition teams across Treasury’s bureaus and the serious commitment to utilizing small businesses that emanates from Treasury’s leadership. To comply with Section 15 (k), Small Business Act, the Department focused on small business prime and subcontracting goal achievements.

Office of the Senior Procurement Executive

In FY 2016, Treasury initiated a comprehensive acquisition transformation strategy designed to facilitate innovation, strategic management, efficiency, and effective mission outcomes. Central to the strategy is early planning and broad stakeholder participation as well as accelerated transition to strategic acquisition vehicles. In support of the Federal Information Technology Acquisition Reform Act (FITARA), the Department has placed significant focus on IT acquisition across all procurement programs.

In FY 2016 and FY 2017, Treasury continued successful execution of its Major Acquisition Program (MAP) reviews in which primary and senior stakeholders (to include procurement, customer, program management, and legal representatives) jointly and periodically review procurement strategy and progress for critical acquisitions. These reviews provide a forum for development of effective acquisition strategies; early identification and resolution of problems; and sharing of experience and expertise among various stakeholder personnel. FY 2016 reviews focused on pre-award actions and were designed to facilitate successful award of critical contracts. To help ensure successful contract performance outcomes, FY 2017 MAP reviews were expanded to include existing critical contracts. In FY 2016, Treasury reviewed 40 acquisitions, valued at \$3.8 billion; reviews included 21 IT acquisitions valued at \$1.5 billion. The Department anticipates a similar level of oversight and collaboration in FY 2017 and FY 2018.

Treasury has achieved both savings and efficiencies through aggregating requirements and leveraging its purchasing power via enterprise-level management of common spend categories. By fully utilizing category management, Treasury seeks to save the federal government money through smarter purchasing and greater collaboration across stakeholder organizations and to achieve greater efficiency with fewer resources. For example, Treasury’s enterprise contract vehicles for wireless services and devices, awarded in April 2016, provide pricing more advantageous than available via General Services Administration (GSA) contracts, saving the Department over \$4 million (21 percent) annually. In June 2016, Treasury awarded an agency-wide, mandatory use ordering vehicle for Adobe Enterprise Licenses anticipated to achieve savings of approximately 10 percent over GSA published prices. In FY 2015 – FY 2016, Treasury achieved total savings of \$6.3 million on its Domestic Delivery contracts against

GSA's government-wide ordering vehicle. FY 2017 and FY 2018 strategy extends and expands Treasury's transition to government-wide Best In Class contract vehicles, reducing the need to establish department level contracts and freeing associated resources for focus on other acquisition priorities.

In FY 2016, Treasury implemented an initiative to reduce non-value added and/or conflicting procurement policy within the Department's operational contracting organizations. Treasury's strategy to reduce procurement policy resulted in an overall 17.9 percent reduction of policy as measured by pages of policy eliminated within a defined timeline in FY 2016. The reductions were made by four of five primary contracting offices; a significant policy reduction by the fifth and largest contracting organization within Treasury (Internal Revenue Service) is anticipated in FY 2017. The policy reduction initiative will continue through FY 2017 and FY 2018.

Section III – Additional Information

A – Summary of Capital Investments

Information Technology Capital Investments

DO is focused on leveraging Treasury enterprise data centers to provide flexible, customized information technology support for its customers. At the same time, a hybrid cloud strategy is being pursued to provide a secure alternative to traditional data centers. This strategy will securely facilitate enterprise mobile applications, increase support for telework, and drive long-term cost efficiencies through data center consolidation.

DO continues to strengthen its governance through DO and an enterprise-wide investment review process. The investment review process is comprised of both senior business and technology leaders who help to ensure that all technology investment decisions align with the mission and goals of the Department. The investment review process helps the CIO prioritize opportunities for commodity IT and improved mission outcomes.

Non-Information Technology Capital Investments

The Main Treasury Building and Freedman’s Bank Building, formerly the Treasury Annex, are the recipients of DO’s major non-IT capital investments. The Treasury Building is the oldest departmental building and the third oldest federally occupied building in Washington, preceded only by the Capitol and the White House. The Main Treasury Building covers five stories and a raised basement and sits on five acres of ground. It was dedicated as a National Historic Landmark on October 18, 1972. The Freedman’s Bank Building, also owned by the Department, is part of the Lafayette Square National Register Historic District. On January 7, 2016, the Treasury Department renamed the Treasury Annex building to mark the 150th anniversary of the Freedman’s Savings and Trust Company (Freedman’s Bank).

A summary of capital investment resources, including major information technology and non-technology investments can be found at:

<http://www.treasury.gov/about/budget-performance/Pages/summary-of-capital-investments.aspx>

This website also contains a digital copy of this document.