## Departmental Offices Salaries and Expenses

### *Program Summary by Budget Activity*

Dollars in Thousands

| Appropriated Resources | FY 2021 Operating Plan | | FY 2022 Annualized CR | | FY 2023 Request | | FY 2022 to FY 2023 % Change | |
|---|---|---|---|---|---|---|---|---|
| **New Appropriated Resources** | **FTE** | **AMOUNT** | **FTE** | **AMOUNT** | **FTE** | **AMOUNT** | **FTE** | **AMOUNT** |
| Executive Direction | 88 | $37,333 | 102 | $35,706 | 140 | $49,496 | 37.3% | 38.6% |
| International Affairs and Economic Policy | 176 | $53,661 | 180 | $53,492 | 206 | $70,662 | 14.4% | 32.1% |
| Domestic Finance and Tax Policy | 227 | $79,566 | 239 | $81,059 | 273 | $100,703 | 14.2% | 24.2% |
| Treasury-wide Management and Programs | 99 | $39,779 | 109 | $40,249 | 118 | $46,770 | 8.3% | 16.2% |
| Committee on Foreign Investment in the United States | 80 | $22,661 | 110 | $22,494 | 132 | $25,611 | 20.0% | 13.9% |
| **Subtotal New Appropriated Resources** | **670** | **$233,000** | **740** | **$233,000** | **869** | **$293,242** | **17.4%** | **25.9%** |
| **Other Resources** | | | | | | | | |
| Reimbursable | 40 | $8,630 | 41 | $11,500 | 41 | $11,500 | 0.0% | 0.0% |
| Transfers from CFIUS Fund | 0 | $15,000 | 0 | $15,000 | 0 | $15,000 | NA | 0.0% |
| **Subtotal Other Resources** | **40** | **$23,630** | **41** | **$26,500** | **41** | **$26,500** | **0.0%** | **0.0%** |
| **Total Budgetary Resources** | **710** | **256,630** | **781** | **$259,500** | **910** | **$319,742** | **16.5%** | **23.2%** |

### *Summary*


The FY 2023 budget for Treasury Departmental Offices (DO) Salaries and Expenses (SE) provides necessary resources for the Treasury Department to address major issues confronting the U.S. economy and to rebuild Treasury's institutional capacity. Funding is requested to support climate initiatives, equity assessments, the expansion of the Treasury attaché program, and cybersecurity and facilities improvements.

These investments will enable Treasury to build on recent successes in fostering a robust and equitable economic recovery through implementation of pandemic relief programs; protecting the financial system by addressing risks related to real estate and digital assets; tackling the climate crisis by aligning public budgets, tax policy, and the flow of private capital with the goal of a global net-zero economy; and safeguarding our national security by improving the effectiveness of sanctions.

## *Budget Highlights*

Dollars in Thousands

| | FTE | Amount |
|---|---|---|
| **FY 2022 Annualized CR** | **740** | **$233,000** |
| **Changes to Base:** | | |
| Maintaining Current Levels (MCLs): | 0 | $9,728 |
| Pay Annualization (2.7% average pay raise) | 0 | $1,179 |
| Pay Raise (4.6% average pay raise) | 0 | $6,108 |
| Non-Pay | 0 | $2,441 |
| Non-Recurring Costs | 0 | ($3,868) |
| Non-recurring Costs for CFIUS Investments | 0 | ($3,868) |
| Transfers | (2) | 0 |
| Transfer of FTEs to SSP | (2) | $0 |
| Other Adjustments: | 0 | $17,365 |
| Adjustments to Meet Current Operating Levels* | 0 | $17,365 |
| Subtotal Changes to Base | (2) | $23,225 |
| **FY 2023 Current Services** | **738** | **$256,225** |
| Program Changes: | | |
| Reinvestments | 22 | $3,868 |
| Staffing to Support CFIUS Program Growth | 22 | $3,868 |
| Program Increases: | 109 | $33,149 |
| Departmental Offices Staffing* | 86 | $20,000 |
| Equity Assessment and Program Evaluation | 10 | $3,579 |
| Treasury Attaché Program Expansion | 3 | $3,074 |
| Staffing to Support Climate Initiatives | 9 | $2,473 |
| Cyber to Enhance National Security (OCCIP) | 1 | $295 |
| DO Cyber Infrastructure (Incident Response and Threat Protection) | 0 | $1,185 |
| Facilities and Office Infrastructure | 0 | $2,543 |
| **FY 2023 President's Budget Request** | **869** | **$293,242** |

*Included in the FY 2022 President's Budget

## *Budget Adjustments*

### Adjustments to Request

**Maintaining Current Levels (MCLs) .........................................................+$9,728,000 / +0 FTE**

Pay Annualization (2.7%) +$1,179,000 / +0 FTE

Funds are requested for annualization of the January 2022 2.7% average pay raise.

Pay Raise (4.6 % in FY 2023) +$6,108,000 / +0 FTE

Funds are requested for a 4.6% average pay raise in January 2023.

Non-Pay +$2,441,000 / +0 FTE

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

**Non-Recurring Costs ........................................................................-$3,868,000 / -0 FTE**
*Non-recurring Costs for CFIUS Investments -$3,868,000, -0 FTE*
Non-recurring costs for CFIUS associated with the baseline completion of CFIUS's case management system and configuration of secure spaces for new CFIUS staff.

**Transfers......................................................................................................-$0 / -2 FTE**
*Transfer of FTEs to SSP -$0, -2 FTE*
Transfer of 2 FTEs from DO SE to SSP after a determination that it more appropriately aligns with the purpose of the funding sources. Funding amounts will remain within DO SE to cover its portion of these services.

**Other Adjustments.......................................................................... +$17,365,000 / +0 FTE**
*Adjustments to Meet Current Operating Levels +$17,365,000 / +0 FTE*
Includes funding for the FY 2022 MCLs requested in the FY 2022 President's Budget and DO SE's portion of Departmental Offices (DO) projects to replace servers that have now reached the end of their useful life. This request also funds the modernization of critical equipment and software that support the DO workforce's fundamental information technology needs.

**Reinvestments..............................................................................+$3,868,000 / +22 FTE**
*Staffing to Support CFIUS Program Growth +$3,868,000 / +22 FTE*
Increase in CFIUS staffing to continue in line with anticipated program growth.

**Program Increases ....................................................................+$33,149,000 / +109 FTE**
*Departmental Offices Staffing +$20,000,000 / +86 FTE*
This funding request is a continuation of the request included in the FY 2022 President's Budget for DO SE. This request seeks to provide Treasury's policy offices with baseline staffing levels needed support the core Treasury mission and the Secretary's priorities. During the prior administration, DO's policy-related staffing levels were reduced by a total of 11 percent. The Department is critically understaffed in key Treasury offices that are the nexus for the Department's response to economic crises and programs of national importance.

Treasury requests $20 million to fund 86 positions to carry out Treasury's mission and support key Administration priorities, including 1) responding effectively to the pandemic and supporting robust economic recovery; 2) addressing the threat of climate change; 3) addressing income inequality and ensuring racial equity; 4) reinforcing the United States' position on the world stage. This request also provides funding policy and oversight functions within DO that have seen outsized workload growth due to of unfunded mandates placed upon the Department. The following requests build on this baseline of 86 positions to provide for additional manpower that the Administration views as critical to carry out its long-term goals related to equity, climate, national security, and the U.S.'s engagement abroad, and stem from additional assessments, Executive Orders, and recommendations provided to Treasury since the FY 2022 President's Budget was submitted.

*Equity Assessment and Program Evaluation +$3,579,000 / +10 FTE*
This request provides funding to support Equity Assessment Recommendations within DO. It includes 6 major components, focused on improving support to both internal and external

priorities related to equity, including:
Staff to conduct analysis on **equity-related policy issues** and support equity equalization through programming, policy-building, and other opportunities. This includes:
1. Policy analysis and partnership development focused on underserved communities.
2. Analysis, interagency policy development and implementation, and impact measurement on both the socially and economically disadvantaged and Tribal-related issues of equity, particularly associated with small business, entrepreneurship, financial services, public services, digital infrastructure, and other areas in the Office of Capital Access.
3. A dedicated Evaluation Officer to coordinate analysis and program evaluations for equity assessments, other congressionally mandated impact studies focusing on equitable distribution of resources, as well as studies to address Treasury learning agenda questions and increasing agency capacity to build evidence in support of Evidence Act Implementation.

Increased support for **Treasury-internal equity programs**, including:
1. Resources dedicated to analyzing equity in procurement and creating mechanisms to enable continuous identification of opportunities to increase awards to underserved communities as required in EO 13985.
2. Growing recruitment pipelines to diverse talent, through an expansion of paid internship programs such as the Treasury Scholars Program (anticipated to grow from 15 interns to 40 annually) as required in EO 14035.
3. Improving support and analysis of equity programs geared at DO's existing workforce, including an additional staff member to support Equal Employment Opportunity (EEO) efforts as required in EOs 13985, 13988, and 14035.

*Treasury Attaché Program Expansion +$3,074,000 / +3 FTE*
The 2021 NDAA authorized and required the expansion of the program by no fewer than six positions. This is the accompanying appropriations request for three of those six positions. Treasury financial attachés are posted at U.S. Embassies in foreign countries important to U.S. domestic and foreign economic and financial policy and the international fight against terrorism, money-laundering, and other illicit finance activities. The attachés complement the Ambassador in outreach to foreign finance ministries, international financial institutions, central banks, and other agencies, and supply the embassy and Treasury with detailed information and focused analysis of foreign economic and financial policies. Their unique perspectives are critical to the policy development and implementation and crisis management work at Main Treasury and in the U.S. interagency. Among other contributions, Treasury attachés:
1. Enhance Treasury's real time access to foreign officials, local experts, media, and financial market participants;
2. Conduct in-depth analysis of issues important to Treasury that can be done satisfactorily only with extended on-the-ground presence; and
3. Provide critical support to senior level Treasury trips through established contacts and relationships and advise on the value of certain meetings for officials from both governments. Treasury attachés are highly valued across the organization and provide access, information, and further the priorities of offices across DO.

*Staffing to Support Climate Initiatives +$2,473,000 / +9 FTE*
The Administration is targeting cuts to greenhouse gas (GHG) emissions by 50%-52% from 2005 levels by 2030 and has outlined an ambitious plan to double international climate finance

and triple international adaptation finance by 2024, to support communities transitioning away from coal and to encourage the private sector to disclose climate risk. The Administration has asked Treasury to play a key role in these efforts, but as currently staffed, Treasury will be limited in its ability to contribute to crucial elements of the climate agenda. Treasury's unique responsibilities on a range of programs related to climate change – including economic, financial sector, and climate-related government policies – will be reflected in an expanded climate strategy work program.

The first phase, funded from existing resources, included the creation of a new Climate Hub and Climate Counselor position. The second phase, previously requested in the FY 2022 President's Budget, will include the implementation of a Climate Hub to centrally coordinate and lead many of Treasury's efforts to address climate change. The Treasury Climate Hub will coordinate and enhance existing climate-related activities by harnessing the tools, capabilities, and expertise from across the Department – including from Domestic Finance, Economic Policy, International Affairs, and Tax Policy. With a view of all Treasury climate initiatives, the Hub will enable Treasury to move nimbly and efficiently in prioritizing climate action with support from DO staff.

This FY 2023 request is the third phase of the climate strategy, which provides staffing strength in International Affairs and Domestic Finance needed to support the Administration's climate priorities, including work connected to 1) climate transition finance, 2) climate-related policy, and 3) climate-related financial risks. This specifically would fund:

- **International economists and climate finance experts** to support initiatives outlined in the Administration's U.S. International Climate Finance Plan, Plan to Conserve Global Forests, and President's Emergency Plan for Adaptation and Resilience, including greater collaboration with multilateral development banks, climate investment funds, the International Monetary Fund, export credit agencies, the Financial Stability Board, international finance ministry counterparts, and private industry to address climate change internationally. These staff will also further our goal of ensuring comparability and accountability of climate commitments by other countries, including China, while advancing U.S. competitiveness.
- **Staffing for domestic climate** priorities, including increased collaboration with financial regulatory agencies to understand, convey, and mitigate climate-related financial risk, climate insurance assessments to be conducted by the Federal Insurance Office (FIO), to understand private insurance coverage gaps in regions of the country particularly vulnerable to climate change impacts, engagement with state and local markets on green bonds, work with local stakeholders on household financial resiliency to climate trauma and transition, and support for climate investment programming for transition innovation and adaptation.

*Cyber to Enhance National Security (OCCIP) +$295,000 / +1 FTE*

At present, OCCIP is staffed to support up to three ongoing sector-wide incidents at a time. Recent history has demonstrated that this staffing level is insufficient to handle the actual volume of incidents impacting the sector. The impact of the current climate crisis and potentially cyber events on a large scale can disrupt financial services both domestically and internationally due to impacts to National Critical Functions as defined by the National Risk Management Center. Initial global estimates for the SolarWinds hack alone are upwards of $100B to contain damage in U.S. businesses and government agencies. Even with additional staffing to support the

Financial Services sector amid an exponential increase of hacks globally, the sector will continue to experience substantial risk.

This request provides financial support for the Office of Cybersecurity and Critical Infrastructure Protection that advances progress towards the strategic priority of enhancing national security. It includes one FTE to formalize, extend, integrate, and automate OCCIP programs and capabilities to improve the sector's ability to (1) identify and analyze risks to critical functions and (2) mitigate known and emerging risks, including climate-related risks.

*DO Cyber Infrastructure (Incident Response and Threat Protection) +$1,185,000 / +0 FTE*
The Department's forthcoming FY 2022 – 2026 Strategic Plan aligns cyber security under strategic goal two, Enhance National Security. It is predicted there will be an increase in global risks due to diverging interests among major powers, an expanding terror threat, and the spread of disruptive technologies. As foreign and domestic actors threaten the American economy and national security, Treasury must strengthen its cyber security posture, leverage its existing processes and tools, and strengthen bi-lateral and multi-lateral partnerships to protect the financial sector. With Treasury's increasing involvement in combatting cybercrime, we face increasing risk against the IT systems that support our authorities. DO is a primary target for nation state sponsored cyber criminals who seek to disrupt our capabilities and destroy our reputation. DO must invest in cyber protections commensurate with the risks incurred in our efforts to safeguard the financial sector, U.S. economy and in combating cybercrime.

DO Investments will enhance Treasury's ability to:
1. Protect: Invests in Microsoft FedRAMP High Government Community Compliance (GCC) licenses, which have been a key component of Treasury's response to SolarWinds. This includes enhanced security controls, monitoring, and threat protection, as well as improved data and identity management. These new capabilities are crucial to protect the 3,000 users within DO from potential ransomware.
2. Respond: Funds incident response investments which are important to continue to protect DO's IT infrastructure amid an uptick in cyber attacks due to DO's activities in the international ecosystem. This solution reduces attackers' ability to compromise systems and conduct reconnaissance, as well as reduces attacker's penetration capabilities.

*Facilities and Office Infrastructure +$2,543,000 / +0 FTE*
This request provides funding for a repairs and improvements (R&I) account within DO for non-capital investments within Main Treasury (MT) and Freedman's Bank Building (FBB). The cost of maintaining historic office buildings of similar size to MT and FBB is estimated at approximately $2M in funding annually. Over the past 2 years, Treasury DO has incurred a myriad of expensive repairs, including to the power supply, fire pump replacement, transformer fluid replacement, portico, and miscellaneous water damage. In total, these costs have required DO to divert crucial resources away from other key priorities.

While the external repairs are being funded in Department-wide Systems and Capital Investments Program account (DSCIP) via a consolidated approach, ad hoc repairs and maintenance are usually completed because 1) emergency repairs cannot be planned for, and 2) many of the repairs are operational in nature and must-do fixes. There are multiple rooms within Main Treasury and Freedman's Bank in need of substantial repairs due to recent emergencies (e.g., water leaks, structural shortfalls, and elevator malfunctions) and the Secretary's Conference Room is presently unusable as a result. By not keeping up with maintenance and repair needs, the building systems and infrastructure will typically not have a full life expectancy and the resulting higher replacement costs place an even higher burden on Treasury facilities.

Likewise, this funding supports a transition to hybrid work. Like most workplaces, Treasury has transitioned to a hybrid work format which relies more heavily on virtual presence and collaboration software to accommodate the increased remote work necessary because of the pandemic. Treasury's mission requires it to collaborate with various partners including foreign governments, financial institutions, other federal agencies, local governments and citizens. A lack of funding for collaboration tools and remote work accoutrements necessary for our future of work plans will inhibit our ability to retain and attract staff and work with stakeholders and partners to accomplish Treasury's mission.

### *Legislative Proposals*

Not to exceed 5 percent of any appropriation made available in this Act for the Department of the Treasury may be transferred to the Department's information technology system modernization and working capital fund (IT WCF), as authorized by section 1077(b)(1) of title X of division A of the National Defense Authorization Act for the Fiscal Year 2018, for the purposes specified in section 1077(b)(3) of such Act, upon the prior notification of the Committees on Appropriations of the House of Representatives and the Senate: Provided, That amounts transferred to the IT WCF under this section shall remain available for obligation through September 30, 2026.

*Note: This request is proposed as an administrative provision. Both the executive summary and budget appendix include the proposed language.*

### *Performance Highlights*

| Budget Activity | Performance Measure | FY 2019 Actual | FY 2020 Actual | FY 2021 Actual | FY 2022 Target | FY 2023 Target |
|---|---|---|---|---|---|---|
| International Affairs and Economic Policy | OTA - Program Engagement | 3.8 | 3.3 | 3.6 | 3.6 | 3.6 |
| Treasury-wide Management and Programs | Treasury-wide Leaders Lead Index of the Federal Employee Viewpoint Survey (FEVS) | 69 | 75 | 74 | 77 | 75 |
| Treasury-wide Management and Programs | Percent of Procurement Dollars Spent on Small Business | 40% | 46% | 39% | 39% | 39% |

### *Description of Performance*

<u>Office of Technical Assistance (OTA) Program Engagement (Traction)</u>: Measures the degree to which foreign counterparts are engaging proactively and constructively with OTA advisors at the working and policy levels. A five-point scale is used to measure traction, with scores ranging from a low of 1, indicating there is little if any counterpart involvement, to a high score of 5, indicating that OTA advisors have regular and frequent meetings with counterparts and counterparts display high levels of involvement. Counterpart engagement is both a key outcome of OTA efforts to structure and execute effective technical assistance projects that support host country

ownership. The result for FY 2021 is 3.6, an increase of 0.3 from the FY 2020 result, representing a return to historical levels after the program experienced a dip in traction associated with the challenges of providing technical assistance remotely during the COVID-19 pandemic. The increase in FY 2021 was due, in part, to the program's ability to resume in-person assistance for many of its bi-lateral technical assistance engagements globally and the continued improvement by the program in its use of remote tools (e.g., videoconferencing, collaborative software) to support projects when in-person assistance is not possible.

Treasury-wide "Leaders Lead" Index of Federal Employee Viewpoint Survey (FEVS): As part of its overall effort to increase Employee Engagement, Treasury had set a multi-year goal to increase the "Leaders Lead" index. This involved statistically analyzing FEVS data to identify opportunities for improvement. Treasury's score for the Leaders Lead Index increased from 65 percent in FY 2020 to 66 percent in FY 2021 exceeding the OPM established 65 percent benchmark for organizational strength. Treasury's score in FY 2021 exceeded the average score for very large agencies by seven percent. Targets are 67 percent for FY 2022 and 66 percent for FY 2023, which is an acknowledgement of potential challenges related to office re-entry for DO staff.

Percentage of Procurement Dollars Spent on Small Business:
Based on preliminary data in FY 2021, Treasury met and exceeded four out of five small business prime contracting goals. Treasury did not meet its Historically Under-utilized Zone (HUBZone) small business goal. Treasury did not meet any small business subcontracting goals. All Treasury bureaus were included in the goaling report, with no exclusions. The FY 2021 overall small business goal was set for 36 percent, and Treasury exceeded the goal at 39 percent. The FY 2023 small business goal is set at 39 percent. One overarching challenge in FY 2021 to meet the HUBZone small business goal was that Treasury had competing priorities: 1) OMB's directive to utilize Category Management principles and Best-in-Class (BIC) contracts to leverage existing government-wide contracting vehicles, where there is a lack of sufficient HUBZone small business firms available for use, and 2) the COVID-19 pandemic contracting response, where there are not enough HUBZone small businesses with capabilities that meet the COVID-19 requirements. Particularly noteworthy is that Treasury far exceeded the small business contracting goals for the following socioeconomic groups:

- Small Disadvantaged Business – goal 5.0 percent, achieved 7.7 percent
- Women Owned Small Business – goal 5.0 percent, achieved 6.7 percent; and
- Service-Disabled Veteran Owned Small Business – goal 3.0 percent, achieved 3.8 percent.

Treasury did not meet the small business contracting goal for the following socioeconomic group:

- Historically Under-utilized Zone (HUBZone) Small Business – goal 3.0 percent, achieved 2.2 percent.