

Department of the Treasury
Office of Terrorism and
Financial Intelligence

Congressional Budget
Justification and Annual
Performance Plan and Report

FY 2023

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Section I – Budget Request

A – Mission Statement

Enhance national security by applying Treasury’s unique policy, enforcement, intelligence, and regulatory tools to identify, disrupt and disable terrorists, criminals, and other national security threats to the United States and to protect the U.S. and international financial systems from abuse by illicit actors.

B – Summary of the Request

TFI requests \$212.059 million, which is a \$37.059 million increase from the level of the FY 2021 Operating Plan. TFI requests these additional resources to continue to invest in its people. As reliance on TFI’s authorities has grown, the corresponding growth in personnel across TFI and increased demand placed upon secure systems requires additional investment in mission support areas. This request also promotes targeted investments that will strengthen U.S. national security, including financing for classified systems technology, sanctions efforts, Department-wide counterintelligence efforts, and a legislatively-mandated Kleptocracy Rewards Pilot Program. The FY 2023 budget prioritizes funding for Treasury’s targeted financial tools that protect the U.S. and international financial system from abuse, as well as countering the financial networks that support terrorists, weapons proliferators, organized transnational crime, rogue regimes, and other threats.

1.1 – Appropriations Detail Table

Dollars in Thousands

Appropriated Resources	FY 2021		FY 2022		FY 2023		FY 2022 to FY 2023	
	Operating Plan		Annualized CR		Request		% Change	
New Appropriated Resources	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT
Terrorism and Financial Intelligence	524	\$175,000	561	\$175,000	624	\$212,059	11.2%	21.2%
Subtotal New Appropriated Resources	524	\$175,000	561	\$175,000	624	\$212,059	11.2%	21.2%
Other Resources								
Reimbursable	35	\$8,280	41	\$10,500	41	\$10,500	0.0%	0.0%
Subtotal Other Resources	35	\$8,280	41	\$10,500	41	\$10,500	0.0%	0.0%
Total Budgetary Resources	559	183,280	602	\$185,500	665	\$222,559	10.5%	20.0%

Note: FY 2021 Other Resources and Full-time Equivalents (FTE) reflect actuals.

1.2 – Budget Adjustments

Dollars in Thousands

	FTE	Amount
FY 2022 Annualized CR	561	\$175,000
Changes to Base:		
Maintaining Current Levels (MCLs):	0	\$6,567
Pay Annualization (2.7% average pay raise)	0	\$746
Pay Raise (4.6% average pay raise)	0	\$4,142
Non-Pay	0	\$1,679
Other Adjustments:	14	\$10,192
Adjustments to Meet Current Operating Levels	14	\$10,192
Subtotal Changes to Base	14	\$16,759
FY 2023 Current Services	575	\$191,759
Program Changes:		
Program Increases:	49	\$20,300
Enhance the IC's Economic Security and Financial Intelligence	32	\$8,000
Upgrade Treasury's Secure Space and Network Infrastructure	0	\$2,281
Emerging Sanctions Programs	13	\$3,186
Develop Treasury's Secure Communications and Continuity Program	2	\$672
Kleptocracy Asset Recovery Rewards Pilot Program - Payments for Rewards	0	\$1,650
Terrorist Financing and Financial Crimes Operations/Travel	2	\$1,787
Counter Cyber-Enabled Threats	0	\$2,724
FY 2023 President's Budget Request	624	\$212,059

C – Budget Increases and Decreases Description

Maintaining Current Levels (MCLs) +\$6,567,000 / +0 FTE

Pay Annualization (2.7%) +\$746,000 / +0 FTE

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

Pay Raise (4.6% in 2023) +\$4,142,000 / +0 FTE

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

Non-Pay +\$1,679,000 / +0 FTE

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

Other Adjustments +\$10,192,000 / +14 FTE

Adjustments to Meet Current Operating Levels +\$10,192,000 / +14 FTE

Adjustment relates to funding received in prior year that supports technology investments and hiring and onboarding of +14 FTEs.

Program Increases +\$20,300,000 / +49 FTE

Enhance the Intelligence Community's (IC) Economic Security and Financial Intelligence

+\$8,000,000 / +32 FTE

The Department requests \$8 million for targeted investments to improve TFI's Office of Intelligence Analysis's (OIA) economic and finance-related strategic and counterintelligence

analysis, as well as expand OIA's reporting program. Support to four key programmatic areas include:

- *Strategic Economic and Financial Analysis* – This funding would allow OIA to hire seasoned experts to enhance our strategic macroeconomic and sectoral intelligence analysis in support of the Department's national security mission.
- *Counterintelligence (CI) Threat Finance* – This funding would allow OIA to expand its analysis of how foreign intelligence services pay to target and recruit U.S. government personnel. As proven in recent espionage cases, foreign intelligence entities' tactics, techniques, and procedures have evolved greatly in the way they seek to target and recruit U.S. government personnel.
- *Enhance the Treasury Reporting Program* – This funding would allow OIA to expand intelligence reporting to the intelligence, law enforcement, and policy communities as applicable, based on Treasury policymaker engagements and whether data sets are proprietary or shareable.
- *Program Management* – This funding would support the enterprise management functions required to implement this investment.

Upgrade Treasury's Secure Space and Network Infrastructure +\$2,281,000 / +0 FTE

The Department requests funding to update our secure space infrastructure, including the physical access control system for the Main Treasury Complex, the Treasury Financial Intelligence Network (TFIN) servers, and other hardware that will be at end of life. The current access control system is not adequately protected due to antiquated infrastructure resulting in a system that will be non-compliant with security standards. In addition, TFIN servers do not have sufficient redundancy and are at risk of extended outages during which users are unable to perform sensitive work. These funds will make the network more resilient by establishing redundant servers and hybrid cloud environments capable of maintaining wide-scale operations during the occasional server outages.

Emerging Sanctions Programs +\$3,186,000 / +13 FTE

The Office of Foreign Assets Control's (OFAC) sanctions programs are seeing an increase in work needed to maintain existing lines of effort and expand to address new threats. OFAC requests 13 FTEs to manage an increase in enforcement equities associated with greater connectivity between U.S. persons and the sanctions targets; handling increased private sector engagement; increasing investigations into complex targeting actions; and increasing policy, regulatory affairs, and licensing actions.

Develop Treasury's Secure Communications and Continuity Program +\$672,000 / +2 FTE

The Department requests funding for Treasury's Secure Communications Program to support Treasury's executive-level communications support program, ensure compliance to various secure communication directives, and maintain continuity readiness.

Kleptocracy Asset Recovery Rewards Pilot Program – Payments for Rewards +\$1,650,000 / +0 FTE

The Fiscal Year 2021 National Defense Authorization Act (NDAA) directs the Treasury Department to create a Kleptocracy Asset Recovery Rewards Pilot Program to aid in identifying stolen assets acquired through foreign corruption that fall under U.S. jurisdiction, with the goal

of seizing those assets. The program authorizes payments to informants who provide information that leads to and results in restraining or seizure of assets, forfeiture of assets, or repatriation of assets. This request provides the necessary funding for potential rewards payments to informants. Per the NDAA, the Secretary of the Treasury is responsible for administering the program, in consultation with the Secretary of State, the Attorney General, and the heads of other such agencies as the Secretary may find appropriate. The NDAA also allows the Secretary to delegate ultimate approval of any rewards to an Under Secretary, in this case the Under Secretary for Terrorism and Financial Intelligence. TFI's Treasury Executive Office of Asset Forfeiture (TEOAF) will assist in the financial management side of the program and the Office of Terrorist Financing and Financial Crimes (TFFC) will provide policy and operational guidance and support.

Terrorist Financing and Financial Crimes Operations / Travel +\$1,787,000 / +2 FTE

Funding is required for TFFC operations, to include operational support of the Kleptocracy Asset Recovery Rewards Pilot Program. This request also includes \$717,000 for program office travel costs. Almost all of TFFC's travel is international and involves TFFC representing the U.S. government in various forums and high-visibility conferences. In particular, travel associated with the Financial Action Task Force (FATF) and FATF-Style Regional Bodies is critical as TFFC works closely with finance ministries and other international partners to identify and close vulnerabilities within the international financial system that make it susceptible to terrorist financing and other illicit financial activity. Additionally, TFFC attends meetings related to U.S. government Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT) standards and practices to influence how our international partners address illicit finance and money laundering.

Counter Cyber-Enabled Threats +\$2,724,000 / +0 FTE

Recent cyber espionage and attack events, including the SolarWinds supply chain compromise and targeting of U.S. critical infrastructure, continue to demonstrate the ever-evolving threats from state and non-state malicious cyber actors. The Department requests additional resources to defend against increasingly sophisticated malicious cyber campaigns that target the sensitive information stored on Treasury systems and its network's infrastructure. This will ensure that TFIN applications, and the data they house, are protected from unauthorized access while reliably available to authorized personnel executing Treasury's authorities by creating more sophisticated and centralized monitoring of the network. Specifically, it will improve Treasury's security posture by preventing, detecting, and responding to cybersecurity incidents on TFIN. It will also enable OIA to comply with the new National Security Memorandum 8 (NSM-8) on "Improving the Cybersecurity of National Security, Department of Defense, and Intelligence Community Systems" where national security systems have the same or preferably better security mechanisms in place as federal information systems.

1.3 – Object Classification (Schedule O) Obligations

Dollars in Thousands

Object Classification	FY 2021	FY 2022	FY 2023
	Actual Obligations	CR Estimated Obligations	Estimated Obligations
11.1 - Full-time permanent	69,293	77,939	90,553
11.3 - Other than full-time permanent	334	346	413
11.5 - Other personnel compensation	2,530	2,661	3,082
11.9 - Personnel Compensation (Total)	72,157	80,946	94,048
12.0 - Personnel benefits	24,626	27,386	31,804
Total Personnel and Compensation Benefits	\$96,783	\$108,332	\$125,852
21.0 - Travel and transportation of persons	484	1,068	1,905
22.0 - Transportation of things	136	139	153
23.2 - Rental payments to others	69	70	76
23.3 - Communications, utilities, and miscellaneous charges	12	12	14
24.0 - Printing and reproduction	3	3	3
25.1 - Advisory and assistance services	13,065	11,733	13,312
25.2 - Other services from non-Federal sources	4,365	4,407	4,755
25.3 - Other goods and services from Federal sources	45,444	44,224	54,465
25.7 - Operation and maintenance of equipment	4,692	3,622	7,780
26.0 - Supplies and materials	3,624	3,733	4,106
31.0 - Equipment	2,625	2,676	4,884
32.0 - Land and structures	9,617	5,477	3,600
42.0 - Insurance claims and indemnities	4	4	4
91.0 - Unvouchered	0	0	1,650
Total Non-Personnel	\$84,140	\$77,168	\$96,707
Total Obligations	\$180,923	\$185,500	\$222,559
Full-time Equivalents (FTE)	559	602	665

Note: Amounts reflect obligations of annually appropriated resources, carryover balances, and reimbursables.

D – Appropriations Language and Explanation of Changes

Appropriations Language	Explanation of Changes
<p style="text-align: center;">DEPARTMENT OF THE TREASURY OFFICE OF TERRORISM AND FINANCIAL INTELLIGENCE <i>Federal Funds</i> SALARIES AND EXPENSES</p> <p><i>For the necessary expenses of the Office of Terrorism and Financial Intelligence to safeguard the financial system against illicit use and to combat rogue nations, terrorist facilitators, weapons of mass destruction proliferators, human rights abusers, money launderers, drug kingpins, and other national security threats, \$212,059,000, of which not less than \$3,000,000 shall be available for addressing human rights violations and corruption, including activities authorized by the Global Magnitsky Human Rights Accountability Act (22 U.S.C. 2656 note): Provided, That of the amounts appropriated under this heading, up to \$12,000,000 shall remain available until September 30, 2024.</i></p> <p>Note.--A full-year 2022 appropriation for this account was not enacted at the time the budget was prepared; therefore, the budget assumes this account is operating under the Continuing Appropriations Act, 2022 (Division A of P.L. 117-43, as amended). The amounts included for 2022 reflect the annualized level provided by the continuing resolution.</p>	<p>The FY 2023 budget request includes language for an additional \$2 million in multi-year funding authority to support the legislatively-directed Kleptocracy Asset Recovery Rewards Pilot Program.</p>

E – Legislative Proposals

The Office of Terrorism and Financial Intelligence has no legislative proposals.

Section II – Annual Performance Plan and Report

A – Strategic Alignment

This year, TFI is working to align budget activities and performance measures to the new objectives in the Treasury FY 2022 – 2026 Strategic Plan. This work will include benchmarking performance and may result in changes to performance measures in the FY 2024 budget.

TFI supports, and in some cases leads, the following strategic goals and objectives:

- Goal 2 – Enhance National Security
 - Objective 2.1 – Cyber Resiliency of Financial Systems and Institutions. Harden assets and systems of Treasury and the broader financial system to promote financial system resiliency.
 - Objective 2.2 – Economic Measures to Advance National Security. Enhance and protect national security through the application of targeted financial measures and review of certain foreign investments.
 - Objective 2.3 – Modernize Sanctions Regime. Modernize the development, implementation, enforcement, and maintenance of U.S. sanctions to ensure that sanctions remain a streamlined and effective foreign policy and national security tool.
 - Objective 2.4 – Transparency in the Financial System. Increase transparency in the domestic and international financial system.
- Goal 3 – Protect Financial Stability and Resiliency
 - Objective 3.1 – Financial System Vulnerabilities. Identify and address current and emerging vulnerabilities to the stability of the U.S. and global financial systems to support more sustainable and economic growth.
 - Objective 3.3 – Financial Innovation. Encourage responsible financial sector innovation.
- Goal 4 – Combat Climate Change
 - Objective 4.3 – Climate-Related Financial Risk. Identify and mitigate key sources of climate-related financial risks to macroeconomy, financial system, investors, governments, including federal and subnational exposures, and households, understanding that risks may have disparate impacts on disadvantaged communities.

B – Budget and Performance/Workforce Indicators by Budget Activity

2.1.1 – Terrorism and Financial Intelligence Resources and Measures

Dollars in Thousands

Resource Level	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Annualized CR	FY 2023 Request
Appropriated Resources	\$123,000	\$141,778	\$159,000	\$169,712	\$175,000	\$175,000	\$212,059
Reimbursable	\$6,491	\$8,626	\$7,756	\$8,543	\$8,280	\$10,500	\$10,500
Budget Activity Total	\$129,491	\$150,404	\$166,756	\$178,255	\$183,280	\$185,500	\$222,559
Full-time Equivalents (FTE)	428	444	480	516	559	602	665

Note: The FY 2017 - FY 2021 appropriated and other resources level represents the approved operating plan.

Performance Measure	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2021 Target	FY 2022 Target	FY 2023 Target
Number of new or modified sanctions programs modified by EO or Congressional mandate during the fiscal year	N/A	N/A	N/A	7	8	I	I	I
Regulatory documents published in the Federal Register within four months of publication of an Executive order or Congressional mandate during the fiscal year	N/A	N/A	N/A	67%	25%	75%	75%	75%
Designations and identifications released on time to the public without errors	N/A	N/A	N/A	97%	98%	90%	90%	90%
Conduct outreach events for the other US government agencies, the public, the business sector, and foreign government per calendar year	N/A	N/A	N/A	0	26	60	60	60
Participation in FATF international mutual evaluations and follow up reports	N/A	N/A	N/A	32	32	I	I	I
Number of roundtables with private sector on AML/CFT threats, vulnerabilities, and risk	N/A	N/A	N/A	13	13	I	I	I
# of overseas/domestic engagements with foreign officials by TFFC officials	N/A	N/A	N/A	> 690	500+	I	I	I
Respond to de-confliction requests received from law enforcement within 7 days*	N/A	N/A	N/A	88%	97%	91%	91%	91%
# of security clearances processed	N/A	N/A	N/A	1131	450	B	B	B
Number of analytic products published (includes number of IIRs published, number of finished intelligence pieces published)	N/A	N/A	N/A	446 IIRs/297 FI	317 IIRs/321 FI	I	I	I
Percent customer satisfaction with OIA products	N/A	N/A	N/A	Customer Satisfaction Surveys not conducted in FY 2020 due to the COVID-19 pandemic.	70%	74%	74%	74%

Key: I – Indicator; B - Baseline

*See Section C – Changes in Performance Measures

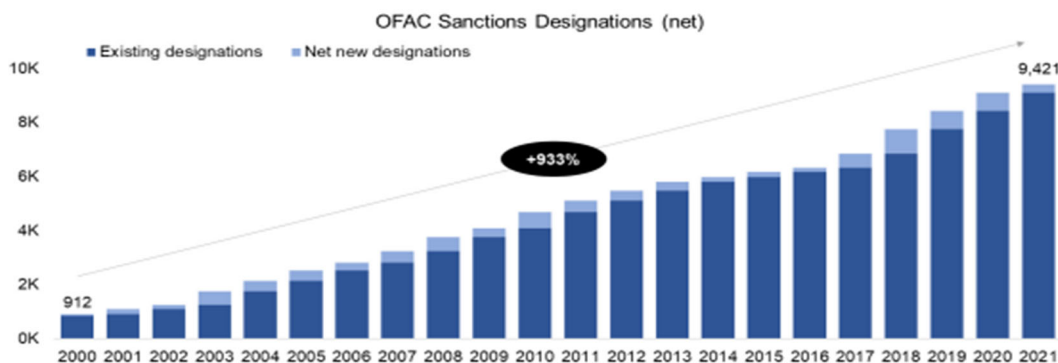
Terrorism and Financial Intelligence Budget and Performance

(\$212,059,000 from direct appropriations, \$10,500,000 from reimbursable resources):

Sanctions

In FY 2021, Treasury leveraged its tools and authorities to combat malicious actors, strengthened the AML/CFT regime, began reviewing the authorities and processes surrounding financial sanctions to address emerging challenges, and strengthened our cybersecurity apparatus. Since the beginning of FY 2021, Treasury established eight new or modified sanctions programs with

944 designations carried out—an approximately 38% increase from the previous fiscal year and a 933% increase since 2000.



On China, TFI realigned analytic resources to anticipate and analyze more thoroughly the security threats China poses. Over this period, Treasury took actions against several firms related to the Chinese military industrial complex. This includes actions against government officials and other perpetrators of human rights abuses and technological firms that support the tracking of ethnic minorities. Treasury also issued a joint advisory in conjunction with the Departments of State, Commerce, and Homeland Security to highlight growing risks associated with actions undertaken by the Government of the People’s Republic of China and the Government of the Hong Kong Special Administrative Region (SAR) that could adversely impact U.S. companies that operate in the Hong Kong SAR of the People’s Republic of China.

Treasury also targeted a variety of different Iranian individuals and entities, including charities controlled by Iran’s Supreme Leader, an oil smuggling network that helps fund Iran’s Revolutionary Guard Corps–Quds Force (IRGC-QF) and the Houthis in Yemen, individuals who attempted cyber-enabled intrusions for the purpose of sowing discord within the U.S. electoral process, and companies and individuals that provided critical support to the Unmanned Aerial Vehicle (UAV) programs of Iran’s RGC and its expeditionary unit, the IRGC-QF.

In FY 2021, Treasury took multiple actions under a new Executive Order targeting aggressive and harmful activities by the Government of the Russian Federation. These include actions taken against some of Russia’s most economically consequential institutions, including the country’s central bank, finance ministry, and sovereign wealth fund. Treasury also took action against an array of individuals and entities implicated in Russia’s ongoing actions against Ukraine, including its prior annexation of Crimea, foreign election interference, technology companies implicated in the SolarWinds cyberattack, the poisoning of Aleksey Navalny, and chemical weapons program.

On Burma, Treasury implemented a new sanctions regime in response to the Burmese military’s coup against the democratically elected civilian government of Burma. In coordination with the issuance of a new Executive Order 14014, Blocking Property with Respect to the Situation in Burma, Treasury designated approximately ten individuals and three entities connected to the military apparatus responsible for the coup.

As part of a USG commitment to democracy, Treasury has also taken a number of actions aimed at promoting accountability for those who undermine trust in democratic institutions. This included designating 15 actors across Iran, Syria, and Uganda in connection with serious human rights abuse and repressive acts targeting innocent civilians, political opponents, and peaceful protestors. Treasury also issued three rounds of sanctions, including against the Cuban Ministry of Interior Officials and Military Unit, in connection with actions to suppress peaceful, pro-democratic protests in Cuba, and against Nicaraguan officials for supporting Ortega's efforts to undermine democracy, human rights, and the economy.

Following the Taliban's reemergence in Afghanistan, Treasury froze approximately \$9 billion of Afghan government reserves held in U.S. bank accounts. Additionally, Treasury issued general licenses authorizing non-commercial personal remittances to the people of Afghanistan. This followed general licenses authorizing the continued flow of humanitarian assistance to the people of Afghanistan and other activities that support basic human needs. Treasury also designated the key financial facilitator for the Islamic State's Afghanistan Branch.

Additionally, as part of the USG's broader counter-ransomware strategy, Treasury took a set of actions focused on disrupting criminal networks and virtual currency exchanges responsible for laundering ransoms, encouraging improved cyber security across the private sector, and increasing incident and ransomware payment reporting to U.S. government agencies, including both Treasury and law enforcement.

Finally, Treasury took action against the Government of the Democratic People's Republic of Korea (DPRK) and the Workers' Party of Korea for the supply of unlawful forced labor to overseas markets used to generate income in contravention of United Nations sanctions. Treasury also targeted a Venezuelan oil sector sanctions evasion network, narco drug kingpin networks, and took joint action with Gulf nation partners against ISIS, Hizballah, and Iran's IRGC as part of the Terrorist Financing Targeting Center (TFTC).

Sanctions Review

In addition to our targeted actions, Treasury also began reviewing the authorities and processes surrounding financial sanctions to address emerging challenges. This resulted in a comprehensive sanctions review that provided key recommendations designed to promote a warranted, strategic, and judicious use of sanctions. The review found that while sanctions remain an essential and effective policy tool, they also face new challenges, including rising risks from cybercriminals, new payments systems, and the growing use of digital assets. The review also identified challenges in mitigating the impact of sanctions on the flow of legitimate humanitarian aid to those in need. Treasury will also modernize and strengthen internal Treasury, U.S. government, and international coordination and engagement on sanctions to enhance effectiveness.

Financial Transparency

Treasury leads the U.S. delegation to the Financial Action Task Force (FATF) and supports efforts to advance core work on virtual assets, beneficial ownership transparency, and illicit finance risks. The FATF approved for publication an updated version of its Guidance on a Risk-

Based Approach to Virtual Assets and Virtual Asset Service Providers proposed revisions to the FATF standard regarding beneficial ownership transparency for legal persons to improve the quality of beneficial ownership information available to law enforcement and other authorities in a timely manner, facilitate international cooperation, and improve transparency around public procurement to combat corruption. Under TFI direction, FinCEN also released a notice of proposed rulemaking requiring certain companies to report beneficial ownership data to Treasury with a view to preventing bad actors from concealing illicit funds behind anonymous shell companies.

Strengthening Cybersecurity

In addition to the variety of other cyber-related actions, Treasury partnered with both the private sector and USG partners to ensure that the domestic and global financial system is protected from abuse by malicious cyber actors. To this end, Treasury worked closely with representatives from financial institutions and federal financial regulators on cyber threats to the financial sector and collaborated with financial institution partners to disseminate firm-identified cyber threat information to USG partners. In addition, TFI assisted efforts in refining collection efforts specific to the threats against the financial services sector and helped decrease gaps in identification of victims of malicious cyber activity.

C – Changes in Performance Measures

Please note the following change for the measure concerning program’s response time to de-confliction requests received from law enforcement:

Performance Measure or Indicator	Proposed Change and Justification
Respond to de-confliction requests received from law enforcement.	<p>Change – This performance measure has been changed to: “Respond to de-confliction requests received from law enforcement within 7 days.” A meaningful way of quantifying results for this performance measure is to record the percentage of de-confliction requests that TFI responds to within 7 days.</p>

Additionally, with the publication of Treasury’s Strategic Plan for FY 2022 – 2026, TFI will work this year to baseline performance against the new strategic objectives. This could result in changes to performance measures in the FY 2024 budget.

Section III – Additional Information

A – Summary of Capital Investments

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

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