

Terrorism and Financial Intelligence

Program Summary by Budget Activity

Dollars in Thousands

Budget Activity	FY 2022	FY 2023	FY 2024	FY 2023 to FY 2024	
	Operating Plan	Enacted	Request	\$ Change	% Change
Terrorism and Financial Intelligence	\$195,192	\$216,059	\$244,000	\$27,941	12.93%
Subtotal, Terrorism and Financial Intelligence	\$195,192	\$216,059	\$244,000	\$27,941	12.93%
Offsetting Collections - Reimbursable	\$9,051	\$13,500	\$13,500	\$0	0.00%
Transfer from Technology Modernization Fund	\$0	\$11,145	\$0	(\$11,145)	-100.00%
Total Program Operating Level	\$204,243	\$240,704	\$257,500	\$16,796	6.98%
Direct FTE	562	576	685	109	18.92%
Reimbursable FTE	32	32	32	0	0.00%
Total Full-time Equivalents (FTE)	594	608	717	109	17.93%

Notes:

- 1) FY 2022 Other Resources and Full-time Equivalents (FTE) reflect actuals.
- 2) Table excludes Ukraine Supplemental appropriation.

Summary

The Office of Terrorism and Financial Intelligence (TFI) requests \$244.0 million for fiscal year (FY) 2024. Funding at this request level would enhance TFI's ability to protect the U.S. and international financial systems from both foreign and domestic abuse. Resources would be utilized to increase transparency in the domestic and international financial system and to facilitate the detection of illicit financial activity. These actions are essential to reaffirming Treasury's global leadership in combating financial abuse. Resources would also be used to advance the Administration's foreign policy and national security priorities through the application of targeted financial measures. TFI's request prioritizes efforts to 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. Resources will support further development of Treasury's sanctions expertise and expand Treasury's external engagement and outreach on sanctions with key interagency and international partners. Additionally, the FY 2024 request prioritizes anti-money laundering, countering the financing of terrorism, and countering the financing of proliferation (AML/CFT) and countering the financing of proliferation (CFP) policy advancements both domestically and internationally.

Budget Highlights

Dollars in Thousands

Terrorism and Financial Intelligence	FTE	Amount
FY 2023 Operating Plan	576	\$216,059
Changes to Base:		
Maintaining Current Levels (MCLs):	0	\$7,650
Pay Annualization (4.6% average pay raise)	0	\$1,237
Pay Raise (5.2% average pay raise)	0	\$4,243
Non-Pay	0	\$2,170
Non-Recurring Costs	0	(\$10,655)
One-Time Contractor Support, Facility Buildouts, and IT Investments	0	(\$10,655)
Other Adjustments:	37	\$7,641
Absorption of Staff Supporting Ukraine	37	\$7,641
Subtotal Changes to Base	37	\$4,636
FY 2024 Current Services	613	\$220,695
Program Increases:	72	\$23,305
Creation of a Sanctions Economic Analysis Unit	9	\$2,680
OIA Office of Security Personnel Staffing, OpSec, and Blockchain/Digital Assets	21	\$4,578
Enhance the IC's Economic Security and Financial Intelligence	7	\$2,000
Office of Global Affairs (OGA) Regional Teams	6	\$1,940
OFAC Sanctions Support: Increased IT Staffing and Operational Funding	1	\$2,200
Improve Hiring and Recruitment Programs	0	\$200
Treasury's Secure Communications Program	3	\$3,800
Office of Strategic Policy Staff	5	\$2,040
OIA Staffing & OFAC Sanctions Tools and Staffing	20	\$3,767
Promote Evidence Act and Treasury Data Strategy	0	\$100
Subtotal Program Changes	72	23,305
FY 2024 President's Budget Request	685	\$244,000

Budget Adjustments

Maintaining Current Levels (MCLs) +\$7,650,000 / +0 FTE

Pay Annualization (4.6%) +\$1,237,000 / +0 FTE

Funds are requested for annualization of the January 2023 4.6 percent average pay raise.

Pay Raise (5.2% in 2024) +\$4,243,000 / +0 FTE

Funds are requested for a 5.2 percent average pay raise in January 2024.

Non-Pay +\$2,170,000 / +0 FTE

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

Non-Recurring Costs -\$10,655,000 / +0 FTE

One-Time Contractor Support, Facility Buildouts, and IT Investments -\$10,655,000 / 0 FTE

During FY 2024, TFI anticipates non-recurring approximately \$10.7 million of funding used for one-time projects in FY 2023. This funding will be utilized during FY 2023 to support the growth in TFI's footprint through critical investments in IT infrastructure and facilities. Funding will also be utilized for one-time contractor surge support to bridge the gap on critical TFI workstreams while the office hires additional permanent federal workers.

Other Adjustments +\$7,641,000 / +37 FTE

Absorption of Staff Supporting Ukraine +\$7,641,000 / +37 FTE

Two-year appropriations passed in FY 2022 to respond to the situation in Ukraine expire at the end of FY 2023. TFI currently estimates 37 FTEs are supporting Ukraine from this funding source. At the outset of FY 2024, these staff will be fully funded from the TFI Salaries and Expenses account.

Program Increases +\$23,305,000 / +72 FTE

Creation of a Sanctions Economic Analysis Unit +\$2,680,000 / +9 FTE

As envisaged, the Unit will be responsible for the development of economic and financial policy analysis to inform the design and implementation of sanctions policy and targeting options that may be approved by Treasury decision makers under existing or proposed authorities. The Unit will also provide firm- and industry-specific analysis of potential collateral effects of proposed sanctions and identify issues that may be appropriate to mitigate, including related to U.S. persons, in connection with OFAC actions. Lastly, the Unit will conduct after-action financial and economic policy analysis of collateral effects and work with sanctions regulatory and policy practitioners to recommend additional mitigation or program adjustments, as necessary.

OIA Office of Security Personnel Staffing, OpSec, and Blockchain/Digital Assets +\$4,578,000 / +21 FTE

TFI's Office of Intelligence Analysis (OIA), Office of Security Programs, Personnel Security program conducts security intake/onboarding for Departmental Offices employees; determines adjudicative suitability for employment of Department hires; interprets and assists bureaus in implementing national and Department personnel security policies; provides verification of security clearance and investigation information; evaluates implementation and effectiveness of security practices and procedures; recommends program enhancements; and supports Department and bureau offices in providing continuous real-time status reports of onboarding employees. TFI is requesting additional security officers to properly staff the intake, investigation, and adjudication functions and meet Department and National timeliness standards for clearing and onboarding employees and to assist with the establishment, implementation, and management of a Department-wide Operations Security program.

TFI's Office of Intelligence and Analysis (OIA) is also responsible for providing strategic intelligence analysis and support on digital assets and emerging technology, including central bank digital currencies, private virtual currencies, blockchain technology, state-sponsored financial infrastructure, artificial intelligence, and other emerging technologies. This request is for resources to track and provide analysis on rapidly changing trends in digital assets, such as usage by illicit actors, representing the highest priority needs of the Department.

Enhance the IC's Economic Security and Financial Intelligence +\$2,000,000 / +7 FTE

This request completes the strategic investment started in FY 2023 to right-size the economic and finance related mission space within OIA.

The FY 2024 funding would support the following programmatic areas:

- Strategic Economic and Financial Analysis – This funding would allow OIA 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.
- 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.

Office of Global Affairs (OGA) Regional Teams +\$1,940,000 / +6 FTE

This request is a critical need for additional staff to support Treasury’s national security mission. Ongoing world events in Ukraine, expected national security concerns identified over the next five to ten years, and increased taskings from the National Security Council have increased OGA’s workload exponentially—and often with extremely short timelines.

OFAC Sanctions Support: Increased IT Staffing and Operational Funding +\$2,200,000 / +1 FTE

The Office of Foreign Assets Control’s (OFAC) Sanctions Support Division (SSD) requires funding for IT investments to enhance the role that technology plays in carrying out TFI business processes.

Improve Hiring and Recruitment Programs +\$200,000 / +0 FTE

This funding is needed to support TFI’s contribution to Departmental Offices’ (DO) Human Resources and Human Capital requirements. DO completed a comprehensive time to hire review over the past several months. Currently, time to hire for DO staff is nearly 152 days. That’s nearly two times Office of Personnel Management’s (OPM) target time to hire of 80 days, and 1.5 times the government wide metric of 98 days as of FY 2018. Since this assessment, DO has made a number of adjustments to its hiring support, including: 1) improving long-term workforce planning, 2) emphasizing the importance of finalizing Position Descriptions and Job Analysis and Assessments (JAA) prior to recruit requests, 3) encouraging usage of the variety of recruitment methods available to DO staff (Sched A, Pathways, merit promotion, etc.), and 4) devoting additional resources to the security/adjudication process to improve security clearance process times.

Treasury’s Secure Communications Program +\$3,800,000 / +3 FTE

TFI’s Office of Intelligence and Analysis (OIA) requires funding for hardware and personnel to expand Treasury’s mobile, in-office, and residential secure communications capabilities in support of Treasury’s national security mission. This request will ensure that OIA can continue meeting customer demand by expanding the number of video and voice assets available and that the Department’s capabilities are in line with other national security focused agencies.

Office of Strategic Policy Staff +\$2,040,000 / +5 FTE

The Office of Strategic Policy (OSP) in TFI’s Office of Terrorist Financing and Financial Crimes (TFFC) has been critically understaffed for the past decade. OSP leadership serves as the head of the U.S. Financial Action Task Force (FATF) delegation and OSP staff spearheads many of the

USG AML/CFT/CPF policy advancements both domestically and internationally. These six positions are required to expand TFI’s subject matter expertise on environmental crimes and money laundering schemes related to opioids crisis, environmental crimes, cybercrimes, domestic violent extremism, and fraud, particularly health care fraud and theft of COVID stimulus funds.

OIA Staffing & OFAC Sanctions Tools and Staffing +\$3,767,000 / +20 FTE

Includes funding to annualize FY 2023 staffing increases for OIA and OFAC. Includes funding for OIA’s Threat Finance, Strategic Economic and Financial Analysis, Program Management, and cybersecurity. In addition, provides support for The Office of Foreign Assets Control’s (OFAC) sanctions programs 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.

Promote Evidence Act and Treasury Data Strategy +\$100,000 / +0 FTE

Across the board, the Administration has set the expectation that agencies increase their use of evidence. Treasury has real challenges in meeting this goal—the Department has still not designated an Evaluation Officer and has no staff supporting evaluations more broadly across Departmental Offices (DO). While appointments have been made for a Treasury Chief Data Officer and Deputy Chief Data Officer, they have no staff to support data priorities.

The funding for this initiative request is needed to support TFI’s contribution to DO’s Evidence Act and Treasury data strategy.

Legislative Proposals

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

Performance Highlights

Budget Activity	Performance Measure	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
		Actual	Actual	Actual	Target	Target
Terrorism and Financial Intelligence	Regulatory documents published in the Federal Register within four months of publication of an Executive order or Congressional mandate during the fiscal year	67%	25%	0%	75%	75%
Terrorism and Financial Intelligence	Designations and identifications released on time to the public without errors	97%	98%	100%	90%	90%
Terrorism and Financial Intelligence	Respond to de-confliction requests received from law enforcement	88%	97%	99%	93%	93%

Key: DISC - Discontinued; B - Baseline

Description of Performance

TFI has been designated as the Treasury lead for three strategic plan objectives within Treasury’s Goal 2 – Enhance National Security. During FY 2022, TFI continued to make significant

progress across these objectives. Below is a brief discussion of the organization's impact across each, respectively.

Objective 2.2: Economic Measures to Advance National Security

Since the start of Russia's full-scale invasion of Ukraine in February 2022, Treasury has taken unprecedented action to isolate Russia from the global financial system. To do so, Treasury has brought to bear both well-established tools from our economic arsenal, as well as innovative approaches to push the boundaries of economic statecraft that will have severe short- and long-term effects on the Russian economy. This includes hundreds of designations against a wide variety of Russian entities and sectors that have undercut Russia's financing for imports forcing it to rely on reserves for defense industry support and production. In addition, Treasury worked with its international partners to impose a price cap on Russian-origin oil to reduce the Kremlin's oil revenues in an effort to both promote global energy stability and keep Russia's oil on the market. In addition, Treasury also expanded its efforts on investigations into and enforcement of Russian entities tied to the military-industrial complex, financial sector, Kremlin-linked oligarchs, and other focal points for corruption through the Russian Elites, Proxies, and Oligarchs (REPO) Task Force and other venues.

In addition, Treasury continued to apply its tools and authorities against bad actors in Iran, North Korea, Syria, Burma, Zimbabwe among others while also targeting terrorist financiers, transnational and cyber criminals, human rights abusers, kingpins, others who seek to abuse the financial system.

Finally, over the past year, Treasury continued to review and identify any investment that may pose a national security risk in a timely manner. For those investments that may require mitigation, Treasury issued the Committee on Foreign Investment in the United States (CFIUS) Enforcement and Penalty Guidelines to promote the importance of compliance with mitigation and other legal agreements.

Objective 2.3: Modernize Sanctions Regime

TFI/OFAC continues to carry out recommendations made from Treasury's review of economic and financial sanctions. This includes developing a framework to ensure all sanctions are linked to clear policy objectives, are coordinated with partners, easily understandable, enforceable, and carefully calibrated to avoid unintended economic or humanitarian consequences. Furthermore, in an effort to implement these recommendations and invest in additional operational capabilities, TFI/OFAC has created a new sanctions unit to be staffed by sanctions experts, economists, and others to achieve this goal.

Objective 2.4: Transparency in the Financial System

Treasury continues to protect the U.S. and international financial system from abuse by illicit actors by promoting transparency both domestically and internationally.

Through the release of key risk assessments in 2022 that address money laundering, proliferation financing, and terrorist financing, Treasury identified trends, threats, and vulnerabilities in each of these areas. Each assessments' data analysis and information informed the development and release of the 2022 National Strategy for Combating Terrorist and Other Illicit Financing.

Release of this strategy provided key allies with specific recommendations on how to further strengthen the AML/CFT and CFP regimes and mitigate abuse of the financial system.

TFI also worked with interagency partners to develop an action plan that addresses illicit financing risks of digital assets. Additionally, Treasury continues addressing the financing of domestic violent extremism (DVE) by providing resources to counter the financing of DVE and assisting financial institutions and law enforcement on detecting and combating the financing of DVE. Treasury has also engaged with domestic regional financial institutions to discuss risks associated with financing domestic violent extremism and is planning a workshop with virtual currency firms on domestic violent extremist use of virtual assets.