

Terrorism and Financial Intelligence

Program Summary by Budget Activity

Dollars in Thousands

Budget Activity	FY 2023	FY 2024	FY 2025	FY 2024 to FY 2025	
	Operating Plan	Annualized CR	Request	\$ Change	% Change
Terrorism and Financial Intelligence	\$216,059	\$216,059	\$230,533	\$14,474	6.7%
Subtotal, Terrorism and Financial Intelligence	\$216,059	\$216,059	\$230,533	\$14,474	6.7%
Offsetting Collections - Reimbursable	\$15,831	\$13,500	\$13,500	\$0	0.0%
Transfer from Technology Modernization Fund	\$6,751	\$4,394	\$0	(\$4,394)	-100.0%
Subtotal Other Resources	\$22,582	\$17,894	\$13,500	(\$4,394)	-24.6%
Total Budgetary Resources	\$238,641	\$233,953	\$244,033	\$10,080	4.3%
Direct FTE	556	623	644	21	3.4%
Reimbursable FTE	34	32	32	0	0.0%
Total Full-time Equivalents (FTE)	590	655	676	21	3.2%

1) FY 2023 Other Resources and Full-time Equivalents (FTE) reflect actuals.

2) Table excludes Ukraine Supplemental Appropriation and FTEs.

3) TFI will repay funds received for the TMF.

Summary

The Office of Terrorism and Financial Intelligence (TFI) requests \$230.533 million for fiscal year (FY) 2025. 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 also 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 2025 request provides resources to ensure more complete strategic analysis on China and provides resources for maintenance and operations of a new cloud-based technology system.

Budget Highlights

Dollars in Thousands

	FTE	Amount
FY 2024 Annualized CR	623	\$216,059
Changes to Base:		
Maintaining Current Levels (MCLs):	0	\$5,431
Pay Annualization (2024 5.2% average pay raise)	0	\$1,420
Pay Raise (2025 2.0% average pay raise)	0	\$1,660
Non-Pay (2025 2.2% non-pay inflation)	0	\$2,351
Subtotal Changes to Base	0	\$5,431
FY 2025 Current Services	623	\$221,490
Program Changes:		
Program Increases:	21	\$9,043
Expansion of Sanctions Economic Analysis Unit	7	\$2,100
Enhance the Intelligence Community's Economic Security/Financial Intelligence	7	\$2,000
Strategic Investments to Meet Policymaker Demand on China	5	\$1,447
TFIN O&M and Cybersecurity Investments	2	\$3,496
Subtotal Program Changes	21	9,043
FY 2025 President's Budget Request	644	\$230,533

Budget Adjustments

Maintaining Current Levels (MCLs).....+\$5,431,000 / +0 FTE

Pay Annualization (5.2% in 2024) +\$1,420,000 / +0 FTE

Funds are requested for annualization of the January 2024 5.2 percent average pay raise.

Pay Raise (2.0% in 2025) +\$1,660,000 / +0 FTE

Funds are requested for a 2.0 percent average pay raise in January 2025.

Non-Pay (2.2% in FY 2025) +\$2,351,000 / +0 FTE

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

Program Increases +\$9,043,000 / +21 FTE

Expansion of Sanctions Economic Analysis Unit +\$2,100,000 / +7 FTE

As envisaged, with sufficient staffing, the Sanctions Economic Analysis Unit (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. Treasury created the Sanctions Economic Analysis Unit in 2023, which is led by a Chief Sanctions Economist to serve as a center of excellence for analyses on the effectiveness of sanctions. 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 the Office of Foreign Asset Control (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. The FY 2025 funds will be used to expand the Unit by hiring additional sanctions economists who provide analysis resulting in more informed policy decisions by Treasury leadership.

Enhance the Intelligence Community's Economic Security and Financial Intelligence

+\$2,000,000 / +7 FTE

This request completes the ODNI-led strategic investment started in FY 2023 to right-size the economic and finance related mission space within the Intelligence Community (IC).

The FY 2025 funding would support the following programmatic areas:

- Strategic Economic and Financial Analysis – This funding would allow OIA to hire additional private sector experts to enhance our strategic macroeconomic and sectoral intelligence analysis in support of the Department’s economic and financial vulnerabilities, sanctions, Committee on Foreign Investment in the United States (CFIUS), and climate finance work. This investment would allow us to sustain coverage of systemically important economies during future crises.
- Counterintelligence Threat Finance – This funding would allow the Office of Intelligence and Analysis (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.

Strategic Investments to Meet Policymaker Demand on China +\$1,447,000 / +5 FTE

OIA has unique placement within the IC, given its access to financial data and relationships with the components of Treasury and TFI specifically, to produce high-level, strategic intelligence for policymakers. Ultimately, this analysis can be used to identify engagement opportunities with foreign partners and opportunities to engage on a range of economic security issues and disrupt sanctionable activities in China. OIA is unable to fully and adequately respond to the Department’s current requests for intelligence analysis on China’s economic and financial situation. Funding would support a range of OIA objectives, particularly providing a pool of highly skilled, economic analysts to support potential contingencies or surge situations. This investment would allow OIA to cover China’s macroeconomy, key economic sectors, and international financial connections, as well as further develop OIA’s analysis on China’s influence across the globe. OIA specifically needs analysts with private sector experience on China, who will allow us to expand the sophistication of OIA’s analysis on key economic and financial issues regarding China. Without this investment, OIA will be unable to fully meet intelligence analysis demand on macroeconomic analysis on China’s domestic challenges or risks to the global economy. A detailed description of the analytic portfolios covered by this request is available at a higher classification.

TFIN Operations and Maintenance and Cybersecurity Investments +\$3,496,000 / +2 FTE

In FY 2023, OIA received \$11.6 million from GSA’s Technology Modernization Fund; this is a one-time investment that will be fully reimbursed. This funding supports transitioning the Treasury Foreign Intelligence Network (TFIN) to a hybrid cloud solution that will be a robust, modern information technology infrastructure and a secure, decentralized network. The development of the new, cloud solution is expected to be completed in FY 2024.

This investment would fund needed operations and maintenance of the new system as well as cybersecurity requirements. The transition to the cloud model from a hardware-based usage requires licenses for each unique TFIN user. In addition, OIA will also use these funds to make significant cybersecurity investment (required by Executive Order 14028- Improving the

Nation’s Cybersecurity and the “Memorandum on Improving the Cybersecurity of National Security, Department of Defense, and Intelligence Community Systems NSM-8”). The technically complex work required for compliance includes adoption of multi-factor authentication, encryption of all data at rest and data in transit, migration to a zero-trust architecture, enhanced system event logging and retention, and deploying endpoint detection and response. TFI requests two FTE positions for a Senior Applications Software Developer and a Senior IT Project Manager. Their work will include analyzing and integrating IT requirements for cloud software, hardware, and infrastructure; researching technologies and trends; conducting studies; and developing and interpreting policies, procedures, and strategies governing the planning and delivery of IT services. Without this funding, Treasury risks having an insufficient number of licenses for its users to access and the system’s access to TFIN will not meet the anticipated customer set, and TFIN will also be non-compliant with the new mandatory cybersecurity requirements.

Legislative Proposals

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

Performance Highlights

Budget Activity	Performance Measure	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
		Actual	Actual	Actual	Target	Target
Terrorism and Finance Intelligence	Regulatory documents published in the Federal Register within four months of publication of an Executive order or Congressional mandate during the fiscal year	25%	0%	0%	75%	75%
Terrorism and Finance Intelligence	Designations and identifications released on time to the public without errors	98%	100%	100%	90%	90%
Terrorism and Finance Intelligence	Respond to de-confliction requests received from law enforcement	97%	99%	98%	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 2023, 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

Following Hamas’s October 7th massacre on innocent Israeli civilians, TFI has taken swift and decisive action to target Hamas’s financiers and facilitators. This is part of a continuous effort to root out Hamas’s sources of revenue in Gaza, the West Bank and across the region and done in close coordination with regional partners and allies. These actions have included designating key Hamas terrorist group members, operatives, and financial facilitators in Gaza and elsewhere including Sudan, Turkey, Algeria, and Qatar. This includes, but is not limited to, high level Hamas officials, those associated with Hamas’s secret investment portfolio, virtual currency exchange, Hamas-affiliated companies facilitating sanctions evasion, and others serving as a

conduit for illicit Iranian funds, including additional members of Iran's Islamic Revolutionary Guard Corps (IRGC). Treasury senior leadership has also engaged with the private sector on their perspectives, as well as best ways to facilitate legitimate humanitarian aid to innocent civilians.

Regarding Russia, TFI has taken unprecedented action to isolate Russia from the global financial system. Since February 2022, TFI has coordinated with a global coalition of more than 30 countries and implemented a historic economic pressure campaign to deprive Russia of the revenue it uses to wage war. TFI has issued more than 2,500 Russia-related sanctions designations and, together with international partners, immobilized at least \$280 billion of Russian sovereign assets. The combined effects of these measures have contributed to significant economic difficulties for Russia's financial, energy, and manufacturing sectors, including Russia's military supply chain. Additionally, in collaboration with the Department of Commerce and other international partners TFI has worked to maintain the pressure on Russia by monitoring for and countering Russia's attempts to evade sanctions and other economic controls.

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.

Objective 2.3: Modernize Sanctions Regime

TFI/OFAC made considerable progress toward modernizing the sanctions regime by continuing to implement the recommendations from the Treasury 2021 Sanctions Review, executing the Sanctions Modernization Action Plan, and working with interagency partners to re-evaluate the interagency sanctions framework. This includes creating the Sanctions Economic Analysis Unit led by a Chief Sanctions Economist to serve as a center of excellence for analyses on the effectiveness of sanctions. This unit provides economic and financial policy analyses that better inform the design and implementation of sanctions policy and targeting options under existing or proposed authorities. It also standardizes a consistent approach to economic and financial policy analyses to include the potential collateral effects of proposed sanctions. In addition, in April 2023, TFI/OFAC launched the Sanctions Economic Analysis Division, a cross-functional team working with Treasury's Office of International Affairs and others to develop economic and financial analysis that informs the design and implementation of sanctions options. Finally, we improved our communication and transparency on sanctions by modernizing our Information Technology (IT) and website, enhancing case management, and other related efforts.

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, 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

TFI continues to focus on increasing transparency in the domestic and international financial systems by facilitating the detection of illicit financial activity and positioning the U.S. and international financial system to better detect, disrupt, and deter illicit financial activities. Examples of this include TFI's extensive ongoing work with interagency and international partners such as the Financial Action Task Force, the international standard setting body to combat money laundering and other global financial threats. Over the past year, this work has focused on better understanding and combating digital asset gaps in the U.S. and global financial system, as well as ransomware financing, Russia illicit financing, and money laundering from fentanyl and synthetic opioids among other important issues. In addition, TFI's work addressing the illicit finance risks of digital assets from the 2022 National Strategy for Combatting Terrorist and Other Illicit Financing included the April 2023 publication of the 2023 DeFi Illicit Finance Risk Assessment. This is the first such risk assessment conducted on decentralized finance in the world.