

Department of the Treasury
Committee on Foreign
Investment in the United States
Activities

Congressional Budget
Justification and Annual
Performance Report and Plan

FY 2020

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Section I – Budget Request

A – Mission Statement

Review certain transactions involving foreign investment in the United States to determine the effect of such transactions on the national security of the United States and to address any identified national security risks.

B – Summary of the Request

The Committee on Foreign Investment in the United States (CFIUS) was established in 1975 under Executive Order 11858 to monitor the impact of foreign investment in the United States, and to coordinate and implement federal policy on such investment. CFIUS is composed of nine voting member agencies, some of which have multiple subcomponents. CFIUS' unique design facilitates the leveraging of skills, subject matter expertise, and integrated analysis across the Committee. CFIUS voting member agencies include:

- Department of the Treasury
- Department of Commerce
- Department of Defense
- Department of Energy
- Department of Homeland Security
- Department of Justice
- Department of State
- Office of Science Technology and Policy
- U.S. Trade Representative

As both Chair and member of CFIUS, Treasury is responsible for leading CFIUS in establishing policies, implementing processes and functions, and in its daily operations. Treasury participates in every aspect of the process, including reviews and investigations, mitigation and oversight, non-notified transaction analysis, legal support, and national security threat assessments. The Office of International Affairs (IA) is responsible for case management and coordination for the Committee in addition to representing the Committee to parties who file notices. The Office of General Counsel (OGC) provides legal support to IA and is responsible for certain analyses conducted on each notice filed with the Committee.

The Foreign Investment Risk Review Modernization Act of 2018 (FIRRMA) modernized and expanded the jurisdiction of the CFIUS to address growing national security concerns over foreign exploitation of certain investment structures which traditionally have fallen outside of the Committee's jurisdiction. Additionally, FIRRMA modernized CFIUS' processes to better enable timely and effective reviews of covered transactions. FIRRMA also established the CFIUS Fund (the Fund), to be administered by the chairperson (the Secretary of the Treasury), to accept appropriated funds for these expanded functions and responsibilities and collect filing fees.

In recent years, CFIUS caseload has increased in volume and complexity. CFIUS handled less than 100 cases in calendar year (CY) 2010 compared to 238 in CY 2017. Transactions have also become more complex which has contributed to an increasing investigation rate. CFIUS generally investigates cases that require more resource intensive analysis and/or corrective action. In CY 2007, CFIUS investigated approximately four percent of cases compared to

approximately 73 percent in CY 2017. The FY 2020 budget requests resources necessary to implement FIRRMA and handle an expected workload of 1,000 cases per year.

The Administration requests \$20 million for the Fund in upfront appropriations that will be offset by up to \$10 million in offsetting collections from filing fees, which will be established in forthcoming regulation. \$15 million is proposed for transfer to Treasury to fund long-term and capital investments. The remaining \$5 million will be available for transfer to other CFIUS agencies, to facilitate, for example, interagency connectivity with Treasury’s IT and case management systems, and to address emerging needs.

1.1 – Appropriations Detail Table

Dollars in Thousands

Treasury Committee on Foreign Investment in the United States (CFIUS) Activities Appropriated Resources	FY 2018 Enacted		FY 2019 Annualized CR		FY 2020 Request		FY 2019 to FY 2020			
	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT	% Change	
New Appropriated Resources – CFIUS Fund	0	0	0	0	0	20,000	0	20,000		NA
Treasury CFIUS Activities	0	\$0	0	\$0	0	\$15,000	0	\$15,000		NA
Other Member CFIUS Activities	0	\$0	0	\$0	0	\$5,000	0	\$5,000		NA
New Appropriated Resources – Member Agencies										
Treasury Departmental Offices S&E	26	\$6,000	65	\$15,000	81	\$20,000	16	\$5,000	24.62%	33.33%
Treasury New Appropriated Resources	26	\$6,000	65	\$15,000	81	\$35,000	16	\$20,000	24.62%	133.33%
Other Resources										
Anticipated User Fees – CFIUS Fund	0	\$0	0	\$0	0	(\$10,000)	0	(\$10,000)		NA
Total Budgetary Resources	26	\$6,000	65	\$15,000	81	\$30,000	16	\$15,000	24.62%	100.00%

FY 2018 other resources and FTE are actuals

Treasury Departmental Offices S&E values and requests are reflected here for illustrative purposes, those resources are being requested for the Departmental Offices S&E Account.

Treasury CFIUS Activities total \$35 million - \$15 million transferred from the CFIUS Fund and \$20 million requested for the Departmental Offices S&E Account.

1.2.1 – CFIUS Fund Budget Adjustments Table

The total request for Treasury is \$35 million, with requested funding increases shown in the two Budget Adjustment tables below.

Dollars in Thousands

Committee on Foreign Investment in the United States (CFIUS) Fund			
		FTE	Amount
FY 2019 Annualized Continuing Resolution			
		0	\$0
		0	\$0
Total FY 2020 Base			
		0	\$0
CFIUS Fund			
Program Changes:			
Program Decreases:		0	(\$10,000)
Offsetting User Fees		0	(\$10,000)
Program Increases:		0	\$20,000
Transfer to Departmental Offices CFIUS Program		0	\$15,000
Available for Transfer to Member Agencies		0	\$5,000
Total FY 2020 Request		0	\$10,000

1.2.2 – Departmental Offices Budget Adjustments Table

Dollars in Thousands

DO Salaries and Expenses	FTE	Amount
FY 2019 Annualized Continuing Resolution	689	\$214,576
Changes to Base:		
Maintaining Current Levels (MCLs):	0	\$1,761
Non-Pay	0	\$1,761
Transfers	8	\$1,651
Office of Critical Infrastructure Protection from the Cybersecurity Enhancement Account	8	\$1,651
Efficiency Savings	0	(\$1,675)
Subtotal Changes to Base	8	\$1,737
Total FY 2020 Base	697	\$216,313
Program Changes:		
Program Increases:	48	\$19,660
year Enterprise-wide Cybersecurity investments	0	\$2,175
Committee on Foreign Investment in the United States (CFIUS) Expansion	16	\$5,000
Impact Analyses of Tax Regulations	6	\$1,802
Strengthen the Financial Services Sector's Cybersecurity and Critical Infrastructure Protection	13	\$7,700
Management Capacity building to Support Program Initiatives	2	\$885
Increase Domestic Finance Policy and Program Staff	11	\$2,098
Total FY 2020 Request	745	\$235,973
Transfers	0	\$15,000
CFIUS Fund	0	\$15,000
Total FY 2020 Including Transfers	745	\$250,973

Note: The table for the DO SE appropriation is included again in this chapter to highlight all adjustments for CFIUS expansion. Relevant amounts are shaded

C – Budget Increases and Decreases Description

Offsetting User Fees **-\$10,000,000 / +0 FTE**

Offsetting User Fees *-\$10,000,000 / +0 FTE*

Treasury and CFIUS anticipate collection of filing fees that will be credited to the Fund as offsetting collections.

Program Increases **+\$20,000,000 / +0 FTE**

Transfer to Treasury CFIUS Program *+\$15,000,000 / +0 FTE*

This funding would be transferred from the Fund to Departmental Offices' Salaries & Expense account. This investment will fund development of an end-to-end IT infrastructure comprised of a public-facing portal and a case management system to modernize processes and to handle anticipated increasing caseloads for CFIUS member agencies that will promote efficiencies in the Committee's processes. Treasury conducted an extensive analysis of alternatives and found the best value for such a case management system to cost approximately \$13 million. This will include the ability to work in both classified and unclassified environments, meeting FedRAMP high certification requirements. The remaining \$2 million will fund expected increases in secure space to support Treasury's expected CFIUS employee footprint, data subscriptions, and temporary contractor resources. The expanded writ of CFIUS under FIRRMA is expected to lead to a further increase in complex cases reviewed by the Committee, many of which will

include investigating new sectors currently outside of the expertise of CFIUS staff. To address these expertise gaps Treasury requires an expanded set of data subscriptions and will complement federal staff with temporary contractor resources. This request represents the first year of several multi-year projects. Treasury will require steady funding with costs expected to partially non-recur as the IT infrastructure projects move from development into operations and maintenance.

Available for Transfer to Member Agencies +\$5,000,000 / +0 FTE

This funding will be available for transfer to other CFIUS agencies to facilitate, for example, interagency connectivity with Treasury’s IT and case management systems, and for related operations.

1.3 – Operating Levels Table

Dollars in Thousands

Treasury Committee on Foreign Investment in the United States (CFIUS) Activities			
	FY 2018	FY 2019	FY 2020
Object Classification	Enacted	Annualized CR	Request
11.1 - Full-time permanent	0	0	0
11.9 - Personnel Compensation (Total)	0	0	0
12.0 - Personnel benefits	0	0	0
Total Personnel and Compensation Benefits	\$0	\$0	\$0
94.0 - Financial Transfers	0	0	15,000
Total Non-Personnel	\$0	\$0	\$15,000
New Budgetary Resources	\$0	\$0	\$15,000
FTE	26	65	81

Note: \$5 million not shown in this table is anticipated as carryover for use by Committee member agencies

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></p> <p style="text-align: center;">COMMITTEE ON FOREIGN INVESTMENT IN THE UNITED STATES FUND</p> <p><i>For necessary expenses of the Committee on Foreign Investment in the United States, \$20,000,000, to remain available until expended: Provided, That the chairperson of the Committee may transfer funds provided under this heading to any department or agency represented on the Committee (including the Department of the Treasury) upon the advance notification of the Committees on Appropriations of the House of Representatives and the Senate: Provided further, That amounts so transferred shall remain available until expended for expenses of implementing section 721 of the Defense Production Act of 1950, as amended (50 U.S.C. 4565), and shall be available in addition to any other funds available to any department or agency: Provided further, That fees authorized by section 721(p) of the Defense Production Act of 1950, as amended, shall be credited to this appropriation as offsetting collections: Provided further, That the total amount appropriated under this heading from the general fund shall be reduced as such offsetting collections are received during fiscal year 2020, so as to result in a total appropriation from the general fund estimated at not more than \$10,000,000.</i></p>	<p>This account was created by the Foreign Investment Risk Review Modernization Act of 2018.</p>

E – Legislative Proposals

CFIUS has no legislative proposals.

Section II – Annual Performance Plan and Report

A – Strategic Alignment

Treasury’s CFIUS activities support the following strategic objective for Strategic Goal 3, to enhance national security:

- Objective 3.3 – Economic Strength and National Security: Advance American prosperity and security through growth, investment, trade, and expanding the American industrial base while protecting national security.

B – Budget and Performance by Budget Activity

2.1.1 – CFIUS Fund Resources and Measures

Dollars in Thousands

Resource Level	FY 2014 Actual	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Annualized CR	FY 2020 Request
Appropriated Resources	0	0	0	0	0	0	\$20,000
Budget Activity Total	0	0	0	0	0	0	\$20,000
FTE	0	0	0	0	0	0	0

CFIUS Fund Budget and Performance

(\$20,000,000 from direct appropriations)

2.1.2 – Departmental Offices – Committee on Foreign Investment in the United States Resources and Measures

Dollars in Thousands

Resource Level	FY 2014 Actual	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Annualized CR	FY 2020 Request
Appropriated Resources	0	0	0	0	\$6,000	\$15,000	\$20,000
Other Resource	0	0	0	0	0	0	\$15,000
Budget Activity Total	0	0	0	0	\$6,000	\$15,000	\$35,000
FTE	0	0	0	0	26	65	81

Note: Prior to FY 2018, CFIUS was reflected in the International Affairs Program Resources section.

Measure	FY 2014 Actual	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2018 Target	FY 2019 Target	FY 2020 Target
IA - Timely Review of CFIUS Cases	100	100	100	100	100	100	100	100

Committee on Foreign Investment in the United States Budget and Performance

(\$20,000,000 from direct appropriations, \$15,000,000 from transfers):

In FY 2018 the Office of International Affairs (IA) rebalanced resource allocations to reflect changing mission requirements, including the increasing demands associated with chairing CFIUS and the passage of the FIRRMA. IA continued to redirect existing resources from other areas to increase its capacity to manage a rising volume of increasingly complex CFIUS cases.

Timely Review of CFIUS Cases: This measure tracks compliance with statutory deadlines for completing national security reviews of transactions notified to the CFIUS to ensure that the CFIUS process is timely and efficient. The target (100 percent) was met in FY 2018. IA’s target for this measure in FY 2019 and FY 2020 is 100 percent.

Section III – Additional Information

A – Summary of Capital Investments

A summary of capital investment resources, including major information technology and non-technology investments related to CFIUS can be found with other DO IT investments at:

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

This website also contains a digital copy of this document.