Terrorism and Financial Intelligence

Program Summary by Budget Activity

Dollars in Thousands

	FY 2017	FY 2018	FY 2019	FY 2018 TO FY 2019	
Terrorism and Financial Intelligence	Enacted	Annualized CR	Request	\$ Change	% Change
Terrorism and Financial Intelligence	\$123,000	\$122,165	\$159,000	\$36,835	30.15%
Subtotal, TFI	\$123,000	\$122,165	\$159,000	\$36,835	30.15%
Offsetting Collections - Reimbursables	\$6,491	\$8,000	\$8,000	\$0	0.00%
Total Program Operating Level	\$129,491	\$130,165	\$167,000	\$36,835	30.15%
Direct FTE	395	421	518	97	23.04%
Reimbursable FTE	33	36	36	0	0.00%
Total FTE	428	457	554	97	21.23%

Notes:

Summary

The Department of the Treasury's (Treasury) strategic plan guides program and budget decisions for the Office of Terrorism and Financial Intelligence (TFI). The FY 2019 Budget Request supports two of Treasury's FY 2018-2022 strategic goals: Enhance National Security and Achieve Operational Excellence.

TFI requests \$159 million, which is a \$36.835 million increase from the FY 2018 Annualized Continuing Resolution. The budget prioritizes funding for Treasury's targeted financial tools that protect the U.S. and international financial system from abuse, as well as counter the financial networks that support terrorists, weapons proliferators, organized transnational crime, rogue regimes, and other threats.

Over the last several years, TFI's role in protecting our national security has grown dramatically, which is reflected in this request for additional resources. TFI's economic authorities have become one of this Administration's and Congress' top non-kinetic tools of choice with TFI deploying our economic authorities at a rapid pace to address some of our greatest national security threats.

In addition to cutting off funding for terrorist groups, TFI's authorities and actions proactively implement U.S. policy towards North Korea, Iran, ISIS and other terrorist organizations, Venezuela, Russia, human rights abusers, narcotics traffickers, and in other areas.

In order to achieve maximum impact, and meet strategic and operational objectives, TFI requires the additional resources of this request. These resources will ensure that TFI has sufficient staff, remains agile, innovative, and strategic, enhances its infrastructure and analytic capability, and is able to support new initiatives and expanded authorities.

^{1.} FY 2017 FTE are actuals.

^{2.} The FY 2017 Enacted column reflects levels appropriated in H.R. 255, the Consolidated Appropriations Act of 2017. For further details on the execution of these resources see the 2019 Budget *Appendix* chapter for the Department of the Treasury.

FY 2019 Budget Highlights

Dollars in Thousands

Terrorism and Financial Intelligence	FTE	Amount
FY 2018 Annualized Continuing Resolution	421	\$122,165
Changes to Base:		
Maintaining Current Levels (MCLs):	0	\$1,423
Pay Annualization	0	\$284
Non-Pay	0	\$1,139
Subtotal Changes to Base	0	\$1,423
Total FY 2019 Base	421	\$123,588
Program Changes:		
Program Increases:	97	\$35,412
Terrorist Financing Targeting Center	15	\$12,392
North Korea Sanctions	69	\$15,209
Iran/Syria Sanctions	4	\$1,565
Russia/Ukraine Sanctions	4	\$1,069
Committee on Foreign Investment in the United States	3	\$859
TFII Data Discovery	0	\$2,000
Financial Action Task Force	0	\$1,788
Terrorist Finance and Financial Crimes	2	\$530
Total FY 2019 Request	518	\$159,000

FY 2019 Budget Adjustments

Adjustments to Request Maintaining Current Levels +\$1,423,000 / +0 FTE

Pay Annualization +\$284,000 / +0 FTE

Funds are requested for annualization of the January 2018 pay-raise. The budget assumes no pay raise for civilian employees in 2019.

Non-Pay +\$1,139,000 / +0 FTE

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

Program Increases +\$35,412,000 / +97 FTE Terrorist Financing Targeting Center +\$12,392,000 / +15 FTE

On May 21, 2017, the United States and the six Gulf Cooperation Council countries signed an historic agreement announcing a joint commitment to establish the Terrorist Financing Targeting Center (TFTC). The TFTC's efforts support the Administration's priorities to fight terrorism in new and innovative ways through a multilateral initiative that will dramatically increase the

ability to curb terrorist financing. The TFTC has already resulted in greater regional cooperation as evidenced by the joint designations by the seven participating members of TFTC on October 25, 2017, that targeted terrorist leaders, financiers, and facilitators. The TFTC will continue to disrupt the finances and operations of terrorist organizations by identifying, tracking, and sharing information regarding terrorist coordinating financial networks: ioint disruptive actions, like sanctions; and offering support to countries in the region that need assistance building capacity to counter terrorist finance threats.

North Korea +\$15,209,000 / +69 FTE

Recent provocations by the Democratic People's Republic of Korea (DPRK) presents an urgent threat to our national security. Treasury has served a critical role in the Administration's maximum economic pressure campaign. This has included the use of unilateral designations and other economic authorities, analytic efforts to map out the front companies and other evasions schemes used by the Kim Jong-un regime, working closely with other countries to increase multilateral economic pressure, communications with the financial sector through advisories and engagement to cut off North Korea's access to the international financial system. Given the nature and urgency of the threat, this request is necessary to continue to maximize economic pressure and support the Administration's priorities to fight nuclear proliferation. It is specifically aimed at countering and neutralizing the DPRK's efforts to undermine U.S. national security. This initiative expands TFI's DPRK program and will have an immediate and strong impact in FY 2019.

Iran/Syria Sanctions +\$1,565,000 / +4 FTE

The Administration remains committed to countering the threat posed by Iran by using Treasury's economic authorities to deny the

regime and the Islamic Revolutionary Guard funding for malign activities. TFI seeks to significantly increase its designations targeting Iran's ballistic missile programs, terrorist activities, regional destabilization (Yemen, Syria), and human rights violations. addition to targeting Iran's financing of the brutal Assad regime in Syria, TFI designated hundreds of Syria-related targets and has more than doubled the number of designated Syria targets since the start of the Syrian conflict. request would provide This dedicated resources needed to maintain pressure on Syria and target the financial networks that support Syria's production or use of chemical weapons. Syria is a top White House priority and is also of particular interest to the legislative branch, with multiple sanctionsrelated bills in various stages of consideration.

Russia/Ukraine Sanctions +\$1,069,000 / +4 FTE

TFI requests additional resources to support sanctions programs related to the Russian energy sector, Russia's malign activities in the Ukraine, and its corruption, cyber activity, and support to the Government of Syria. These resources would also support the significant mandatory reporting requirements of the Countering America's Adversaries Through Sanctions Act.

Committee on Foreign Investment in the United States (CFIUS) +\$859,000 / +3 FTE

CFIUS is an inter-agency committee authorized to review transactions that could result in control of a U.S. business by a foreign person ("covered transactions"), in order to determine the effect of such transactions on the national security of the United States. Additional TFI resources are required to meet the increase in the CFIUS caseload.

TFI Data Discovery +\$2,000,000 / +0 FTE

TFI requests funding for the creation of a cross-TFI data discovery and analysis platform, which would enable analysts,

investigators, and other appropriate staff from across the TFI enterprise to properly leverage Treasury's unique data holdings to execute TFI's mission more efficiently and effectively. Currently, TFI does not have an intraenterprise IT system to enable the five TFI components to collaborate and exchange information in near real time. This effort would reduce redundancy and increase the efficiency and effectiveness of the TFI workforce.

Financial Action Task Force +\$1,788,000 / +0 FTE

The Financial Action Task Force (FATF) is the global standard-setting body for Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT). Organized by the G7 in 1989 to focus on money laundering, the FATF has grown to include nearly 40 members and its mandate has expanded to include terrorist financing and proliferation financing as well as money laundering. There are also nine FATF-style regional bodies that, together with the FATF, can claim almost every country in the world as a member. There has been increased recognition of the FATF's significance as an international body and of the relevance of the FATF's work and its recommendations for both the public and Treasury, TFI's Office of private sectors. Terrorist Financing and Financial Crimes (TFFC) specifically, was asked to assume Presidency of the FATF in 2019 on behalf of Assuming the FATF the United States. presidency provides a unique opportunity for the US to lead the FATF during a time of considerable transition in the organization the US last held the FATF presidency in 1996. This opportunity positions the exceptionally well to ensure that the FATF's strategic direction is in line with U.S. priorities for the organization: demonstrating the value of AML/CFT regulation; holding countries accountable for compliance failures; and restricting FATF budget increases.

Terrorist Finance and Financial Crimes +\$530,000 / +2 FTE

TFI requests two FTEs to develop and build global capacity to combat terrorist financing in the international arena. These FTEs will be responsible for establishing strategies and employing targeted financial measures to disrupt and dismantle the financial networks that support terrorism, WMD proliferation, and organized crime.

Explanation of Budget Activities

Terrorism and Financial Intelligence (\$159,000,000 from direct appropriations, \$8,000,000 from reimbursable resources)

Develops and implements strategies to counter terrorist financing and money laundering.

Legislative Proposals

The Budget includes a provision that of the amounts made available under the heading "Office of Terrorism and Financial Intelligence" shall be available to reimburse the "Departmental Offices—Salaries and Expenses" account for expenses incurred in such account for reception and representation expenses to support activities of the Financial Action Task Force.

TFI Performance Highlights

		FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Budget Activity	Performance Measures	Actual	Actual	Actual	Target	Target
Terrorism and Financial Intelligence	Impact of TFI Programs and Activities	8.8	8.7	8.5	8.5	8.5

Description of Performance

Impact of TFI Programs and Activities: To gauge its performance, TFI created a composite measure consisting of three program office focus areas related to its mission and strategic goals, including customer outreach, increasing production and dissemination of intelligence products, and implementing IT modernization In FY 2017, TFI met its projects. performance goal of 8.5 and expects to achieve its FY 2018 and FY 2019 target of 8.5.

With the publication of the Treasury Strategic Plan for FY 2018-2022, TFI will work this year to baseline performance for the new strategic objectives, as well as update TFI's Strategic Plan to ensure Treasury and Administration priorities are accurately reflected. As part of Treasury's Strategic Planning process, TFI established

strategic objectives focused on key Treasury priorities including strategic threat disruption and strengthening the AML/CFT framework. TFI then built out robust strategies and support strategies that work toward achieving our goals within one, three, and five year time frames. These strategies reflect specific Treasury and Administration priorities that include the strategic use of Treasury's tools and authorities to disrupt the capability of targets to raise, use, and move funds, identifying threats from known and emerging threats; expanding current and facilitating new information sharing and collaboration with domestic and international partners (an Agency Priority Goal); coordinating analysis of all available information sources obtained through Treasury authorities or foreign partners; applying a risk-based approach to identifying and vulnerabilities within the financial system; and modernizing and streamlining the national security regulatory framework. This will likely result in changes to performance measures in the FY 2020 budget.