

## Terrorism and Financial Intelligence

### *Program Summary by Budget Activity*

Dollars in Thousands					
Budget Activity	FY 2019	FY 2020	FY 2021	FY 2020 to FY 2021	
	Operating Plan	Enacted	Request	\$ Change	% Change
Terrorism and Financial Intelligence	\$159,000	\$169,712	\$172,751	\$3,039	1.79%
<b>Subtotal, TFI</b>	<b>\$159,000</b>	<b>\$169,712</b>	<b>\$172,751</b>	<b>\$3,039</b>	<b>1.79%</b>
Offsetting Collections - Reimbursable	\$8,000	\$8,000	\$8,000	\$0	0.00%
<b>Total Program Operating Level</b>	<b>\$167,000</b>	<b>\$177,712</b>	<b>\$180,751</b>	<b>\$3,039</b>	<b>1.71%</b>
Direct FTE	440	526	575	49	9.32%
Reimbursable FTE	40	41	41	0	0.00%
<b>Total Full-time Equivalents (FTE)</b>	<b>480</b>	<b>567</b>	<b>616</b>	<b>49</b>	<b>8.64%</b>

### *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 2021 Budget Request supports two of Treasury's FY 2018-2022 Strategic Goals: Enhance National Security and Achieve Operational Excellence.

TFI requests \$172.751 million, which is a \$3.039 million increase from the FY 2020 Enacted level. TFI requests these additional resources to continue to invest in its people as well as infrastructure, systems, and automated tools, thereby ensuring that TFI remains agile, innovative, and strategic in responding to the most pressing U.S. national security concerns. The 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.

TFI's economic authorities continue to play an increasingly central role in countering some of the nation's most critical security threats. This Administration and Congress rely upon TFI to deploy non-kinetic tools at a rapid pace to proactively implement U.S. policy towards North Korea, Iran, Russia, Islamic State of Iraq and Syria (ISIS) and other terrorist organizations, Venezuela, human rights abusers and corrupt actors, narcotics traffickers, and other malign and destabilizing actors. As reliance upon 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. TFI's infrastructure investments have been developed with careful consideration of the personnel increase request with the intent of developing and maintaining a collaboration network that facilitates our operational and policy goals.

## Budget Highlights

Dollars in Thousands

	FTE	Amount
<b>FY 2020 Enacted</b>	<b>526</b>	<b>\$169,712</b>
<b>Changes to Base:</b>		
Maintaining Current Levels (MCLs):	-	\$ 3,983
Pay Annualization (2020 3.1% average pay raise)	-	\$757
Pay Raise (1.0% average pay raise)	-	\$738
FERS Contribution Increase	-	\$800
Non-Pay	-	\$1,688
Non-Recurring Costs	-	(\$2,539)
Efficiency Savings	-	(\$2,716)
Other Adjustments:	30	\$0
FTE Adjustment	30	\$0
Subtotal Changes to Base	30	(\$1,272)
<b>FY 2021 Current Services</b>	<b>556</b>	<b>\$168,440</b>
<b>Program Changes:</b>		
Program Increases	19	\$4,311
TFI-Wide Centralized Data Platform Infrastructure Support	-	\$602
Western Hemisphere/Human Rights Sanctions	3	\$657
Cyber Analysts and Data Scientists	9	\$1,583
Virtual Currency Investigators	4	\$812
Foreign Asset Control Staffing	3	\$657
<b>FY 2021 President's Budget Request</b>	<b>575</b>	<b>\$172,751</b>

## Budget Adjustments

**Maintaining Current Levels (MCLs) ..... +\$3,983,000 / +0 FTE**

Pay Annualization (3.1%) +\$757,000 / +0 FTE

Funds are requested for annualization of the January 2020 3.1% average pay raise.

Pay Raise (1.0% in 2021) +\$738,000 / +0 FTE

Funds are requested for a 1.0% average pay raise in January 2021.

FERS Contribution Increase +\$800,000 / +0 FTE

Funds are requested for the Federal Employee Retirement System (FERS) contribution rates effective FY 2021.

Non-Pay +\$1,688,000 / +0 FTE

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

**Non-Recurring Costs ..... -\$2,539,000 / -0 FTE**

Non-Recur of IT Infrastructure Investments -\$2,539,000 / -0 FTE

One-time costs of the FY 2020 IT Infrastructure Investment initiative will non-recur.

**Efficiency Savings ..... -\$2,716,000 / -0 FTE**

TFI Contractual Support -\$2,716,000 / +0 FTE

TFI will achieve cost savings and efficiencies in contract services through improved oversight of all TFI contracts, consolidating contracts where appropriate, and partnering with other agencies and Treasury Departmental Offices (DO) components to leverage common technology or administrative support needs.

**Other Adjustments..... +\$0 / +30 FTE**

FTE Adjustment +\$0 / +30 FTE

The FY 2021 Budget reflects a +30 FTE technical adjustment from the FY 2020 Enacted Budget. This technical adjustment reflects increased efforts at TFI to hire and on-board new staff as provided for in prior year budget requests.

**Program Increases ..... +\$4,311,000 / +19 FTE**

TFI-Wide Centralized Data Platform Infrastructure Support +\$602,000 / +0 FTE

To best utilize the volumes of data currently available to TFI staff and positively leverage technology to expand the efficiency of TFI's limited personnel resources, TFI is establishing a data analytics program and staff, an overarching governing body (in close coordination with CIO), and an operational enterprise tool capable of fusing TFI's disparate data streams for TFIN desktop analysis by TFI staff.

Western Hemisphere/Human Rights Sanctions +\$657,000 / +3 FTE

Administration and Congressional actions during the past 18 months in the Western Hemisphere require significant sanctions implementation efforts by the Licensing, Policy, and Regulatory Affairs teams, including: designing sanctions implementation architecture proposals for Treasury and interagency leadership, implementing new regulatory frameworks through general licenses (over 30 issued in the Venezuela program alone), publishing regulations, and public guidance such as frequently asked questions, and processing an onslaught of new licensing requests to authorize activity that may be otherwise prohibited but is in U.S. foreign policy interests.

Cyber Analysts and Data Scientists +\$1,583,000 / +9 FTE

The Office of Intelligence Analysis (OIA) requests five cyber intelligence research specialists and one visual analyst to meet the increased demand from Treasury senior policymakers and Domestic Finance/Office of Cybersecurity and Critical Infrastructure Protection for intelligence support and analysis to counter the intensification of cyber-enabled threats to the U.S. financial services sector (FSS) and US national security interests more broadly. The analysts would focus on support to improve the sharing of cyber threat intelligence to the FSS, provide the Office of Foreign Assets Control (OFAC) with intelligence support on targeting financial networks of malicious cyber actors, and provide tactical intelligence support to TFI cryptocurrency initiatives. OIA also requests three data scientists to analyze large tranches of data and to build assessments from that analysis. Data scientists are skilled in statistical analysis and trained specially to perform this type of work, which is critical to using Treasury's own data to answer analytic questions and inform policymakers.

Virtual Currency Investigators +\$812,000 / +4 FTE

Among the new and emerging threats to the use of sanctions as a tool for national security is the rapid development of virtual currencies as a mechanism to move value across borders while

skirting the formal financial system that OFAC relies on as the implementing mechanism for its authorities. Presently, OFAC has a single investigator focused on the illicit use of virtual currency, and this investigator is often pulled away from purely investigative duties in order to share virtual currency expertise across TFI, since this area is of high concern but also an uncommon area of technical competency. Meanwhile, investigators across most sanctions programs are reporting increasing exposure to the use of virtual currencies by the targets of their investigations. Additional virtual currency investigators will allow investigations involving cryptocurrency across all of OFAC’s sanctions programs to be able to exploit this investigative arena.

**Foreign Asset Control Staffing +\$657,000 / +3 FTE**

The requested Senior Enforcement Officers will provide essential investigative and legal knowledge to OFAC’s enforcement process, deliberative memoranda, and final agency charging documents. These personnel will be responsible for working closely with Enforcement’s investigators to coordinate the final phase of public enforcement actions through the OFAC Front Office (Director and Deputy Director) and handle all negotiations, meetings, and interactions with subject persons thereafter. These personnel will handle such matters for all U.S. economic and trade sanctions programs, and will reduce the workload and burden placed on other offices (e.g., the Office of Chief Counsel, OFAC).

***Legislative Proposals***

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

***Performance Highlights***

	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Performance Measure	Actual	Actual	Actual	Target	Target
New or Modifications to Existing Sanctions Programs	5	5	7	I	DISC
Number of Designation Actions	867	1431	1120	I	DISC
Analytic Intelligence Support	385	523	637	I	DISC
Review and Support of Foreign AML/CFT Laws and Regulations	49	64	81	I	DISC

DISC: Discontinued; I: Indicator

***Description of Performance***

**New or Modifications to Existing Sanctions Programs:** This indicator measures new actions or expansion of existing sanction programs, and the data is collected by OFAC. The measure reflects an increase in workload requirements as any new country programs or expansion in scope of existing programs are by and large in addition to current workload and not in lieu of already existing work, and therefore, cumulative. Conversely, ongoing program requirements are much less frequently removed. The creation or modification of sanctions programs requires a significant upfront dedication of policy, program, legal, and regulatory resources to ensure proper coordination and documentation of the changes. This measure is being discontinued because it has been split into two indicators for FY 2021. One indicator is to monitor the number of sanctions programs modified by EO or Congressional mandate, and the second is to monitor the number of new sanctions programs modified by EO or Congressional mandate.

Number of Designation Actions: This indicator measures number of actions taken to impose sanctions, and is collected by OFAC. It is important to note that for “Program-Specific Designations” may not always represent a true reflection of TFI’s extensive efforts across programs or toward a particular program. From FY 2017 to FY 2018, TFI activity increased across a number of high priority programs. However, the FY 2018 numbers do not reflect the approximately 700 Iran sanctions that were implemented on November 5, 2018, in conjunction with the full snapback of sanctions following the President’s withdrawal of the United States from the JCPOA. Though these sanctions technically occurred in FY 2019, the preparation for the tranche was exceedingly complex and required several lines of effort over the last several months of FY 2018.

Analytical Intelligence Support: TFI includes both formal analytical intelligence briefings as well as final analytical intelligence products that were published. The significant increase from FY 2017 to FY 2018 represents increased demand as well as a higher prioritization on production. In FY 2021 this indicator will be replaced with an expanded indicator that includes the vast array of OIA products, including number of IIRs published and the number of finished intelligence pieces published.

Review of Foreign AML/CFT Law and Regulations: This measure tracks/includes participation in Financial Action Task Force (FATF) mutual evaluations (ME), which are peer evaluations of countries’ levels of effectiveness and implementation of the FATF anti-money laundering and countering the financing of terrorism (AML/CFT) Standards. The data is collected from the Office of Terrorist Financing and Financial Crimes (TFFC). Participation in MEs usually requires several extended on-site visits in country, extensive analysis of a country’s AML/CFT system, and follow-up meetings to provide in-depth analyses and ratings. Additionally, the metric includes reviews and comments on reports produced by the nine FATF-style Regional Bodies; and, work assessing and reviewing countries as part of the International Cooperation Review Group, which oversees the FATF process that identifies and reviews jurisdictions with strategic AML/CFT deficiencies that may pose a risk to the international financial system and closely monitors their progress. Finally, this metric includes strategic support to certain high priority bilateral partners in an effort to enhance their AML/CFT laws, regulations, and structures. This effort may include, but is not limited to, bi-lateral and multi-lateral meetings, foreign travel, and reviewing draft legislation.

New Measures: TFI has also proposed creation of a number of new indicators and measures for FY 2021 which will be reflected in the FY 2022 Budget. Among these are regulatory documents published in the Federal Register within four months of publication of an Executive order or Congressional mandate during the fiscal year; the number of roundtables with private sector on Money Laundering/Terrorist Finance threats, vulnerabilities, and risk; the number of overseas/domestic engagements with foreign officials by TFFC officials; the timeliness of response to de-confliction requests received from law enforcement; the number of security clearances processed by OIA’s Office of Security Programs (OSP); and the percent of customer satisfaction with OIA products. Please refer to Section C of the TFI Congressional Justification for further explanation on new and discontinued measures.