Departmental Offices – S&E

FY 2013

President's Budget Submission

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Section 1 – Purpose

1A – Mission Statement

Maintain a strong economy and create economic and job opportunities by promoting conditions that enable economic growth and stability at home and abroad, strengthen national security by combating threats and protecting the integrity of the financial system, and manage the U.S. Government's finances and resources effectively.

1.1 – Appropriations Detail Table

Dollars in Thousands

Resources Available for Obligation	FY 2011 Enacted		FY 2012 Enacted		FY 2013 Request		% Change FY 2012 to FY 2013	
	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT
New Appropriated Resources:								
Executive Direction	158	$36,477	151	$37,219	151	$36,698	0.00%	-1.40%
International Affairs and Economic Policy	268	61,786	235	59,277	231	55,880	-1.70%	-5.73%
Domestic Finance and Tax Policy	275	65,909	261	71,451	260	70,498	-0.38%	-1.33%
Terrorism and Financial Intelligence	429	99,800	418	100,000	417	100,000	-0.24%	0.00%
Treasury-wide Management and Programs	156	42,416	134	40,441	128	38,140	-4.48%	-5.69%
Subtotal New Appropriated Resources	**1,286**	**$306,388**	**1,199**	**$308,388**	**1,187**	**$301,216**	**-1.00%**	**-2.33%**
Other Resources:								
Reimbursables	137	$91,498	172	$69,502	172	$69,502	0.00%	0.00%
Subtotal Other Resources	**137**	**$91,498**	**172**	**$69,502**	**172**	**$69,502**	**0.00%**	**0.00%**
Total Resources Available for Obligation	**1,423**	**$397,886**	**1,371**	**$377,890**	**1,359**	**$370,718**	**-0.88%**	**-1.90%**

*The FY 2011 increase is due to the allocation of administrative expenses across all DO programmatic budget activities.

1B – Mission Priorities and Context

Departmental Offices (DO), as the headquarters bureau for the Department of the Treasury, provides leadership in economic and financial policy, terrorism and financial intelligence, financial crimes, and general management. The Secretary of the Treasury has the primary role of formulating and managing the domestic and international tax and financial policies of the federal government. Through effective management, policies, and leadership, the Treasury Department protects our national security through targeted financial actions, promotes the stability of the nation's financial markets, and ensures the government's ability to collect revenue and fund its operations.

The FY 2013 budget request supports DO’s leading role in accomplishing the Treasury strategic goals:

- *Repair and Reform the Financial System and Accelerate Recovery in the Housing Market;*
- *Enhance U.S. Competitiveness and Promote International Financial Stability and Balanced Growth;*
- *Pursue Comprehensive Tax and Fiscal Reform*;
- *Protect our National Security through Targeted Financial Action*s; and
- *Manage the Government’s Finances in a Fiscally Responsible Manner*.

DO also provides critical support and leadership to both of the Department's priority goals:

- *Increase Electronic Transactions with the Public to Improve Service and Prevent Fraud and Reduce Costs*; and
- *Increase Voluntary Tax Compliance.*

FY 2011 Key Accomplishments, FY 2012 and 2013 Priorities:

Office of Terrorism and Financial Intelligence (TFI)

- In FY 2011, TFI implemented a number of significant financial sanctions. This included eight different executive orders with respect to addressing the situations in Syria, Libya, North Korea and Somalia, among other locations. Additionally, Treasury designated 21 entities and individuals as Specially Designated Global Terrorists.
- Treasury designated an additional 95 Islamic Republic of Iran Shipping Lines (IRISL)-affiliated individuals and entities in FY 2011. Most of these designations were IRISL front companies established as part of a complex network in an effort to circumvent sanctions under Executive Order 13382, an authority aimed at freezing the assets of weapons of mass destruction proliferators and their supporters.
- Under its counter-narcotics sanctions programs, Treasury identified numerous individuals and their organizations as drug kingpins under the Foreign Narcotics Kingpin Designation Act. The office designated 111 individuals and entities under the Kingpin Act, including key leaders, operatives, and fronts of Mexico's Sinaloa Cartel, the New Ansari Network in Afghanistan, Parti Karkerani Kurdistan (PKK) in Turkey, and the Ayman Joumaa Drug trafficking organization in Lebanon, Africa and South America.

TFI will focus resources across a wide breadth of responsibilities to include the following in FY 2012 and 2013:

- Collecting, analyzing, and disseminating financial and other information concerning illicit financing and national security threats;
- Disrupting and dismantling the financial networks of those that threaten national security or engage in illicit financing by exercising a broad range of intelligence, regulatory, policy, and enforcement authorities to track and disrupt illicit finance networks;
- Shaping policy, laws, and regulations to safeguard the U.S. and international financial systems through the administration of Bank Secrecy Act (BSA), enforcement of regulations to reduce illicit financing and money laundering, and assisting in ensuring compliance with sanctions; and
- Assisting partner countries in the development and implementation of anti-money laundering and counter terrorist financing regimes compliant with international standards.

Domestic Finance (DF) and Tax Policy

- The Office of Small Business, Community Development, and Affordable Housing Policy (SBCDAHP) is responsible for implementing legislation that encourages job creation by providing small businesses with access to credit through the Small Business Lending Fund (SBLF) and the State Small Business Credit Initiative (SSBCI). In FY 2011, SBLF provided over $4 billion to 332 community banks. By the end of FY 2013 SSBCI will provide $1.5 billion of funding to state programs that support lending to small businesses. In FY 2011, SSBCI approved $435 million for disbursement to states.

- In FY 2011, the Administration engaged in a policy process aimed at developing proposals to reform the housing finance system and the government-sponsored enterprises. This process included the release by Treasury and the U.S. Department of Housing and Urban Development of the Administration's White Paper on Reforming America's Housing Finance Market in February 2011.
- The Office of Financial Innovation and Transformation (OFIT) was created in FY 2010 to provide a hub for financial system innovation and improvement. In FY 2011, OFIT identified twelve initiatives that could improve efficiency by 25 percent, saving an estimated $2 billion upon full implementation. These initiatives include a single solution for electronic invoice processing, centralized processing of accounts receivables, the resolution of intra-governmental transactions, and the streamlining of non-Treasury disbursing offices.
- In FY 2011, the Office of Debt Management conducted 281 auctions, issuing over $7.8 trillion in marketable securities and raising more than $1.1 trillion in new cash to fund the U.S. Government's operations. In 2011, Treasury auctions continued to witness strong demand across the yield curve. This was the case even though Treasury borrowing remained elevated by historical standards and there was considerable market uncertainty in the months leading up to the increase in the statutory debt limit in August 2011.
- During FY 2011, the Office of Tax Policy provided support for the Administration's efforts to enact the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010. Also, during FY 2011, the Office developed guidance on the Foreign Account Tax Compliance Act (FATCA), which requires foreign banks to report and disclose U.S. interests in foreign financial institutions. FATCA regulations must be enacted in FY 2013.
- The Office of Tax Policy also continued to support the implementation of the Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act of 2010 (ACA). In FY 2011, the Office released guidance on over a dozen tax provisions of the ACA, including tax credits, revenue provisions, and (in collaboration with the Departments of Health and Human Services and Labor) insurance market reforms.

DF will continue to face a number of specific responsibilities, many of which are related to the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act), in FY 2012 and 2013, including:

- Supporting the efforts of the Financial Stability Oversight Council (FSOC) and the Treasury Secretary's responsibilities as the Chairman of the FSOC by coordinating the issuance of a notice of proposed rulemaking (NPR) on the "Volcker Rule" and the subsequent review of public comments and finalization of the rule;
- Coordinating the review and analysis on behalf of the Secretary in his capacity as Chairman of the FSOC of thousands of comment letters received in response to an NPR on the retention of credit risk by securitizers in connection with the issuance of asset-backed securities, and the finalization of the rule;
- Supporting the conduct of a study (due by July 2012) by the FSOC on the feasibility, benefits, costs, and structure of a contingent capital requirement for certain nonbank financial companies and bank holding companies by providing analytical support to the Secretary in his role as Chairman;
- Issuing certain required annual reports, a study on how to modernize and improve the system of insurance regulation in the United States, and other reports required under the Dodd-Frank

Act by the Federal Insurance Office, which was created by the Dodd-Frank Act and is funded by Domestic Finance;

- Providing analytical support to the FSOC's process to issue regulations and guidance on the determination of nonbank financial companies that will be supervised by the Board of Governors of the Federal Reserve System and subject to enhanced prudential standards, and the subsequent evaluations of nonbank financial companies under that rule, as well as the evaluation and designation of financial market utilities for enhanced supervision; and
- Building on the Office of Debt Management's 2012 debt issuance modeling efforts, enhancing a recently developed short-term debt issuance optimization model, and a long-term stochastic simulation model. The FY 2013 efforts will involve improving penalty functions in the short-term model and developing an optimization framework for the long-term model.

In FY 2013, Tax Policy will prioritize the following:

- The Secretary is a leader in the Administration's efforts to create a tax system that is simpler, fairer, and more robust. The Office of Tax Policy is working on a comprehensive proposal for corporate tax reform.
- The regulations for the Foreign Account Tax Compliance Act (FATCA), which requires foreign banks to report and disclose U.S. interests in foreign financial institutions, must be completed in FY 2013.
- Treasury and the Internal Revenue Service are responsible for implementation of provisions in the Affordable Care Act. The majority of the provisions go into effect in 2014.

Office of International Affairs (IA) and Economic Policy (EP)

- Treasury has led global efforts through the G-20 and in conjunction with the International Financial Institutions (IFIs) to mitigate the impact of the global financial crisis and to promote U.S. growth and economic recovery. The Department has also led efforts in the G-20 and the Financial Stability Board to strengthen international financial regulation to ensure high quality standards around the globe and to promote a level playing field for U.S. businesses. Treasury has focused closely on currency adjustment and expanding export opportunities for American businesses, specifically working closely with China and other leading emerging markets.
- Concerns about financial stability in the Eurozone have posed a particular risk to the strength of the U.S. and global recoveries. Treasury encouraged its European counterparts to put in place a robust policy framework to stem the contagion to the larger economies in Europe and restore confidence in the European banking system.
- Treasury has led efforts to promote economic growth and reform in the Middle East and North Africa (MENA) region. Improving the economic performance of these countries is critical to U.S. national security interests in supporting political stability and democratic transition in the region. In its first several months of engagement on this issue, Treasury has helped achieve Executive Board approval for the expansion of the European Bank for Reconstruction and Development's (EBRD) activities into the MENA region.
- As part of the Administration's Feed the Future initiative, Treasury has led efforts to establish a multi-donor trust fund that provides financing for long-term investments in agriculture and food security in low-income countries that have developed comprehensive, evidence-based food security strategies.

- During FY 2011, Economic Policy staff provided substantial support to the Secretary in the development of the FY 2012 Federal Budget, as well as the deliberations leading up to the Department of Defense and Full-Year Continuing Appropriations Act of 2011 and the Budget Control Act of 2011.

In FY 2013, International Affairs and Economic Policy will focus on the following priorities:
- Effecting complementary financial regulatory policies in G-20 members, consistent with the Dodd-Frank Act, to strengthen the resilience of the international financial system, thereby protecting the U.S. financial system and creating an even playing field for U.S. firms;
- Protecting the nascent U.S. recovery by pursuing a global rebalancing strategy to achieve strong, sustainable and balanced growth, including a focus on key trade and currency imbalances;
- Addressing financial stress emanating from Europe and elsewhere, to prevent or mitigate negative spillovers to the United States;
- Supporting successful economic and political transitions in the "Arab Spring" countries;
- Mitigating threats to U.S. national security and improving export opportunities for U.S. businesses through multilateral solutions to development, including addressing global challenges such as food security and the environment; and
- Increasing U.S. exports and supporting U.S. job growth through opening new markets and encouraging foreign direct investment in the United States, while fulfilling statutory obligations to protect national security through our lead role on the Committee on Foreign Investment in the United States.

Treasury-wide Management and Programs
- The Department exceeded its FY 2011 procurement goals for all socio-economic categories (including small, small disadvantaged, woman-owned, service disabled veteran-owned, and Historically Underutilized Business Zone (HUBZone) businesses) and anticipates having exceeded its FY 2011 goals for competition and for performance-based acquisitions.
- In FY 2011, the Treasury building received the Leadership in Energy and Environmental Design (LEED) Gold Certification, the oldest building in the world to be certified. Green features of the improved Treasury Building include its sustainable cleaning and landscape maintenance programs; advanced controls and management of its heating ventilation and air conditioning (HVAC) system; comprehensive recycling and material conservation programs; a green procurement program for materials, equipment and services; increased occupant space utilization; new emphasis on and facilitation of alternative transportation for employees; and enhanced utility metering for improved systems management.

Section 2 – Budget Adjustments and Appropriation Language

2.1 – Budget Adjustments Table

Dollars in Thousands

Departmental Offices - S & E	FTE	Amount
FY 2012 Enacted	**1,199**	**$308,388**
Changes to Base:		
Maintaining Current Levels (MCLs):	-	$3,205
Maintaining Current Levels	-	$3,205
Non-Recurring Costs:	-	($1,650)
One-time Office moves and Building Maintenance	-	($1,650)
Efficiency Savings:	(9)	($6,610)
Treasury-wide Management Savings	(5)	($1,374)
Administrative and Management Savings	(4)	($5,236)
Subtotal FY 2013 Changes to Base	(9)	($5,055)
Total FY 2013 Base	**1,190**	**$303,333**
Program Changes:		
Program Decreases:	(5)	($2,117)
International Affairs Program Reductions	(5)	($2,117)
Program Increases:	2	$0
Treasury Attaché Program	2	$0
Total FY 2013 Request	**1,187**	**$301,216**

2A – Budget Increases and Decreases Description

Maintaining Current Levels (MCLs) .... +$3,205,000 / +0 FTE

Maintaining Current Levels +$3,205,000 / +0 FTE

Funds are requested for inflation adjustments (1.7 percent) in non-labor expenses such as GSA rent adjustments, postage, supplies and equipment, health benefits, and the increase in Federal Employees Retirement System participation. Funds are also requested for the proposed 2013 pay raise (0.5 percent).

Non-Recurring Costs .... -$1,650,000 / +0 FTE

One-time Office moves and Building Maintenance -$1,650,000 / +0 FTE

One-time FY 2012 funding supported repairs of the electrical transformer vaults and the reallocation and reconfiguration of office space in support of DO's leased office space reduction effort.

Efficiency Savings .... -$6,610,000 / -9 FTE

Treasury-wide Management Savings -$1,374,000 / -5 FTE

Savings will be achieved through the elimination of positions and the reduction of management program activities. These include eliminating the following positions: one position from the Office of the Deputy Assistant Secretary for Management and Budget; one position from the Office of the Deputy Assistant Secretary for Human Resources; and three positions from the Office of the Deputy Chief Financial Officer. In addition, the following offices will reduce their non-salary program budgets: the Office of Emergency Programs, the Treasury Operations Center, the Deputy Assistant Secretary for Management and Budget, and the Chief Information Officer.

Administrative and Management Savings -$5,236,000 / -4 FTE
Savings will be achieved through the elimination of positions and the more efficient use of administrative activities. These include eliminating the following positions: one position from the Office of Human Resources (OHR), one position from the Office of Financial Management (OFM), and two positions for the Departmental Offices Operations organization (OPS). The DO Office of Information Technology will make reductions in the following areas of its administrative support budget - DO Applications support; laptop purchases; subscriptions; e-catalog purchases; additional purchase of Microsoft Visio and Project software; and Developer workstations. In addition, DO IT will reduce staffing under its contract supporting the Help Desk by six positions. The following offices will reduce their non-salary administrative budgets: OHR, OFM, Operations, and the DO Privacy Office. Finally, DO will reduce the cost of utilities by converting the Treasury building from steam to gas heat.

Program Decreases .... -$2,117,000 / -5 FTE
International Affairs Program Reductions -$2,117,000 / -5 FTE
The Office of International Affairs (IA) will achieve savings by streamlining operations and seeking reduced reporting requirements associated with the International Financial Institutions.

Program Increases .... +$0 / +2 FTE
Treasury Attaché Program +$0 / +2 FTE
The Department requests an increase of two FTE for the Treasury attaché program. The Department considers its attaché program to be a valuable asset for engaging with foreign officials to advance U.S. policy positions, combating terrorist financing domestically and internationally, and working with local U.S. industry and agency representatives to advance U.S. interests. Treasury attachés also provide much-needed intelligence and expertise to U.S. officials in Washington formulating policy on international economics, tax, trade, finance, and terrorist finance to safeguard the financial system against illicit use and combat rogue nations, terrorist facilitators, weapons of mass destruction (WMD) proliferators, money launderers, drug kingpins, and other national security threats. Tentative locations for these two additional attachés are Mexico City and Cairo. The funding for the positions and ancillary support are being funded within the program. Beginning in FY 2013, costs for the Treasury attaché program will be aligned between the Office of International Affairs and the Office of Terrorism and Financial Intelligence, based on their allocation of work.

2.2 – Operating Levels Table

Dollars in Thousands

Departmental Offices - S & E	FY 2011 Actual	FY 2012 President's Budget	FY 2012 Enacted	FY 2012 Proposed Reprogrammings	FY 2012 Proposed Operating Level	FY 2013 Request
FTE	**1,180**	**1,341**	**1,199**	**0**	**1,199**	**1,187**
Object Classification						
11.1 - Full-time permanent	130,613	153,116	132,762	0	132,762	131,206
11.3 - Other than full-time permanent	2,078	3,104	2,112	0	2,112	2,087
11.5 - Other personnel compensation	5,370	757	5,458	0	5,458	5,394
11.8 - Special personal services payments	0	1,162	0	0	0	0
11.9 Personnel Compensation (Total)	**$138,061**	**$158,139**	**$140,332**	**$0**	**$140,332**	**$138,687**
12 - Personnel benefits	38,242	39,939	38,871	0	38,871	38,415
13 - Benefits for former personnel	37	253	38	0	38	37
21 - Travel and transportation of persons	4,948	9,671	4,873	0	4,873	4,682
22 - Transportation of things	363	308	358	0	358	343
23.1 - Rental payments to GSA	5,506	4,161	5,506	0	5,506	5,506
23.2 - Rental payments to others	1,265	174	1,265	0	1,265	1,265
23.3 - Communication, utilities, and misc charges	8,345	8,466	8,219	0	8,219	7,896
24 - Printing and reproduction	2,051	2,737	2,020	0	2,020	1,941
25.1 - Advisory and assistance services	22,517	37,532	22,176	0	22,176	21,305
25.2 - Other services	28,375	19,891	30,945	0	30,945	29,848
25.3 - Other purchases of goods and services from Govt. accounts	41,578	26,675	42,520	0	42,520	40,428
25.4 - Operation and maintenance of facilities	524	1,233	516	0	516	496
25.7 - Operation and maintenance of equip	1,844	2,915	1,816	0	1,816	1,745
25.8 - Subsistence and support of persons	123	0	121	0	121	116
26 - Supplies and materials	6,752	10,492	6,650	0	6,650	6,389
31 - Equipment	1,180	2,303	1,162	0	1,162	1,117
32 - Land and structures	5,581	0	1,000	0	1,000	1,000
42 - Insurance claims and indemnities	176	0	0	0	0	0
43 - Interest and dividends	5	0	0	0	0	0
Total Budget Authority	**$307,473**	**$324,889**	**$308,388**	**$0**	**$308,388**	**$301,216**
Budget Activities:						
Executive Direction	37,272	38,098	37,219	0	37,219	36,698
International Affairs and Economic Policy	62,798	68,349	59,277	0	59,277	55,880
Domestic Finance and Tax Policy	64,201	84,562	71,451	0	71,451	70,498
Terrorism and Financial Intelligence	99,532	92,605	100,000	0	100,000	100,000
Treasury-wide Management and Programs	43,670	41,275	40,441	0	40,441	38,140
Total Budget Authority	**$307,473**	**$324,889**	**$308,388**	**$0**	**$308,388**	**$301,216**

2B – Appropriations Language and Explanation of Changes

<table>
<tr><th>Appropriations Language</th><th>Explanation of Changes</th></tr>
<tr><td>DEPARTMENT OF THE TREASURY
DEPARTMENTAL OFFICES

Federal Funds
SALARIES AND EXPENSES
(INCLUDING TRANSFERS OF FUNDS)
For necessary expenses of the Departmental Offices including operation and maintenance of the Treasury Building and Annex; hire of passenger motor vehicles; maintenance, repairs, and improvements of, and purchase of commercial insurance policies for, real properties leased or owned overseas, when necessary for the performance of official business; terrorism and financial intelligence activities; executive direction program activities; international affairs and economic policy activities; domestic finance and tax policy activities; and Treasury-wide management policies and programs activities, [$308,388,000] $301,216,000: Provided, That of the amount appropriated under this heading, [$100,000,000 is for the Office of Terrorism and Financial Intelligence, of which not to exceed $26,608,000 is available for administrative expenses: Provided further, That of the amount appropriated under this heading,] not to exceed $3,000,000, to remain available until September 30, [2013] 2014, is for information technology modernization requirements; not to exceed $350,000 is for official reception and representation expenses; and not to exceed $258,000 is for unforeseen emergencies of a confidential nature, to be allocated and expended under the direction of the Secretary of the Treasury and to be accounted for solely on his certificate: Provided further, That of the amount appropriated under this heading, $6,787,000, to re- main available until September 30, [2013] 2014, is for the Treasury- wide Financial Statement Audit and Internal Control Program: Provided further, That of the amount appropriated under this heading, $500,000, to remain available until September 30, [2013] 2014, is for secure space requirements: Provided further, That of the amount appropriated under this heading, up to $3,400,000, to remain available until September 30, [2014] 2015, is to develop and implement programs within the Office of Critical Infrastructure Protection and Compliance Policy, including entering into cooperative agreements: Provided further, That notwithstanding any other provision of law, of the amount appropriated under this heading, up to $1,000,000 may be contributed to the Organization for Economic Cooperation and Development for the Department's participation in programs related to global tax administration. (Department of the Treasury Appropriations Act, 2012.)</td><td>Treasury requests that Congress remove the TFI funding fence which creates difficulties in execution. Reprograming guidelines would still ensure that Congress is able to provide input on changes to this funding level.</td></tr>
</table>

2C – Legislative Proposals

This proposed section refers to funds appropriated or otherwise made available to the Secretary of the Treasury, the Secretary of Homeland Security, and the Attorney General for refunds of taxes and related interest on such refunds, drawbacks, and payments of claims for prior fiscal years. This provision will alleviate the need for the Internal Revenue Service to make such refunds, drawbacks and payments on behalf of the other federal agencies, and will minimize the administrative and accounting burdens associated with this process. This proposal will not create any new spending.

Sec. 115. Section 1324 of title 31, United States Code, is amended by adding at the end thereof the following new subsection: "(c) Amounts appropriated under subsection (a) of this section shall be administered, as appropriate, as if they were made available through separate appropriations to the Secretary of the Treasury, the Secretary of Homeland Security, and the Attorney General. Funds so appropriated shall be available to the Secretary of the Treasury for refunds by the Internal Revenue Service of taxes collected pursuant to the Internal Revenue Code and related interest; separately to the Secretary of the Treasury for refunds and drawbacks of alcohol, tobacco, firearms and ammunition taxes and refunds of other taxes which may arise and any interest on such refunds, including payment of claims for prior fiscal years; to the Secretary of Homeland Security for refunds and drawbacks of receipts collected pursuant to the customs revenue functions administered by the Department of Homeland Security pursuant to delegation by the Secretary of the Treasury and any interest on such refunds, including payment of claims for prior fiscal years; and to the Attorney General for refunds of firearms taxes and refunds of other taxes which may arise and any interest on such refunds, including payment of claims for prior fiscal years.

Section 3 – Budget and Performance Report and Plan

3A – Executive Direction

($36,698,000 from direct appropriations, and $3,587,000 from reimbursable resources):
The Executive Direction program area provides direction and policy formulation to the Department and Departmental Offices and interacts with Congress and the public on Departmental policy matters. These offices include: Secretary/Deputy Secretary, Chief of Staff, Executive Secretariat, General Counsel, Legislative Affairs, Public Affairs, and the Treasurer of the United States. Total resources also include the administrative expenses for the Executive Direction program.

No specific performance goals/measures are presented for this budget activity as the work of the offices within this budget activity is captured within the other budget activities.

3.1.1 – Executive Direction Budget and Performance Report and Plan

Dollars in Thousands

Executive Direction Budget Activity								
Resource Level	FY 2006 Enacted	FY 2007 Enacted	FY 2008 Enacted	FY 2009 Enacted	FY 2010 Enacted	FY 2011 Enacted	FY 2012 Enacted	FY 2013 Request
Appropriated Resources	$15,275	$19,094	$20,273	$21,170	$24,709	$36,477	$37,219	$36,698
Reimbursable Resources	$605	$660	$599	$1,188	$1,656	$3,134	$3,587	$3,587
Total Resources	**$15,880**	**$19,754**	**$20,872**	**$22,358**	**$26,365**	**$39,611**	**$40,806**	**$40,285**
Budget Activity Total	**$15,880**	**$19,754**	**$20,872**	**$22,358**	**$26,365**	**$39,611**	**$40,806**	**$40,285**

*The FY 2011 increase is due to the allocation of administrative expenses across all DO programmatic budget activities.

3B – International Affairs and Economic Policy

($55,880,000 from direct appropriations, and $1,317,000 from reimbursable resources):
A major mission of these offices is to promote economic growth and security. The Offices pursue this mission by providing economic guidance and support to the Secretary in his role as the President’s chief economic adviser. These offices play a key role in supporting the Secretary by providing technical analysis, economic forecasting, and policy guidance on issues ranging from responding to international financial crises changes in entitlement policy. Total resources also include the administrative expenses for the International Affairs and Economic Policy program. The goal owners for this budget activity are the Undersecretary for International Affairs and the Assistant Secretary for Economic Policy.

Office of Economic Policy (EP)
The Office of Economic Policy monitors economic developments and trends in the United States and assists in the development of policies to stimulate economic growth and job creation. Analysis performed by EP staff enhances policymakers' understanding of key economic issues so that they are better able to formulate policies that will benefit the U.S. economy.

Economic Policy supports the Secretary of the Treasury in his roles as Chairman and Managing Trustee of the Social Security and Medicare Boards of Trustees. This office also produces the corporate bond yield curve that is mandated by the Pension Protection Act of 2006. These data are available on the IRS website at: http://www.irs.gov/retirement/article/0,,id=240168,00.html.

Description of Performance:
In the past 12 months the office has concentrated significant resources on policy development and implementation related to fiscal policy, housing policy, job creation, and health care. The Office has also provided expertise on policy development in the areas of health care, climate change, energy, and infrastructure. Key areas of recent work and future priorities for the Office of Economic Policy include:

EP continues to participate in the development and implementation of housing policy, including the Making Home Affordable program, which helps at-risk, responsible homeowners stay in their homes by obtaining affordable loan modifications and refinancing.

EP is assisting in the development, evaluation, and tracking of numerous government economic incentive programs, including: the development and evaluation of programs to assist small business financing; evaluating and tracking the American Recovery and Investment Act's Build America Bond program; the development and evaluation of initiatives to encourage and support job creation; and monitoring and analyzing critical trends and economic developments, including the housing market and bank lending.

EP provided substantial support to the Secretary in the development of the FY 2012 Budget, the Department of Defense and Full-Year Continuing Appropriations Act of 2011, and the Budget Control Act of 2011. EP staff will continue to provide support on fiscal matters over the coming year.

Office of International Affairs (IA)
The mission of Treasury's Office of International Affairs (IA) is to protect and support U.S. economic prosperity and foster job creation by strengthening the external environment for U.S. growth, preventing and mitigating global financial instability, and managing key global challenges. To advance this mission, IA leads the Treasury Department's effort in the development of policies and guidance related to international monetary and financial affairs, trade and investment policy, international development and debt strategy, environmental finance and policy, and U.S. participation in international financial institutions. IA also chairs the interagency Committee on Foreign Investment in the United States (CFIUS).

IA partially measures its progress in meeting its goals through several key performance measures, discussed below, but given the qualitative nature of IA's work, these indicators do not provide a full picture of IA's progress towards achieving its goals.

Description of Performance:
Treasury has led global efforts through the G-20 and in conjunction with the International Financial Institutions (IFIs) to mitigate the impact of the global financial crisis and to promote U.S. growth and economic recovery. Treasury has focused closely on currency adjustment and expanding export opportunities for American businesses to strengthen the U.S. economy, specifically working closely with China and other leading emerging markets. In FY 2013, the Department will continue to engage heavily in the G-20 and bilaterally to undertake reforms to help achieve strong, sustainable, and balanced global growth.

IA has the primary responsibility for managing the U.S. government's role at the International Monetary Fund (IMF), and is continuing (but slightly modifying) one performance measure related to that role:

- <u>Monitor Quality and Enhance Effectiveness of International Monetary Fund (IMF) Lending through Review of IMF Country Programs:</u> This measure tracks efforts by International Affairs staff to monitor the quality of IMF country programs and ensure the application of appropriately high standards for the use of IMF resources. IA met its performance target in FY 2011 (100 percent of IA staff reviews completed prior to the IMF Board meeting) compared with actual performance of 97 percent in FY 2010. In FY 2012 and FY 2013, IA's target for this measure is 100 percent. IA staff will continue to closely monitor IMF program activities and will verify progress toward meeting the FY 2012 target in regular staff meetings.

IA promotes and reinforces open and transparent international trade and investment regimes at home and abroad and supports trade liberalization. In order to ensure a level playing field for U.S. manufacturers and airlines, IA led USG efforts to negotiate an Aircraft Sector Understanding, which came into effect in FY 2011. In FY 2012, a particular focus for IA will be negotiating a high-standard 21st century Trans-Pacific Partnership trade agreement.

Furthermore, as Chair of CFIUS, Treasury helps maintain an open investment environment by focusing CFIUS reviews of foreign investment solely on protecting U.S. national security.

Treasury will discontinue two performance measures relating to trade and investment, "<u>Number of New Trade and Investment Negotiations Underway or Completed</u>" and "<u>Number of Specific New Trade Actions Involving Treasury Interagency Participation in Order to Enact, Implement and Enforce U.S. Trade Law and International Agreements</u>" because they do not adequately assess IA's performance. IA will introduce a new measure:

- <u>Timely Review of CFIUS Cases</u>: This new measure will track 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. In FY 2012, IA's target for this measure is 100 percent.

Treasury continues to use its leadership position in the multilateral development banks (MDBs) to (i) further reinforce our national security interests in fragile and war-torn countries, reducing the dangers inherent in economic instability, (ii) mitigate emerging threats to the U.S. and global economies, support trade and investment, and open new opportunities for American firms, which helps promote job creation in the United States, and (iii) advocate for MDB assistance in countries that are undergoing profound economic and political transitions in order to foster freedom, opportunity, and greater economic growth, thus fighting global poverty and providing critical humanitarian aid. Treasury engages heavily with the MDBs to ensure their effectiveness and preserve U.S. leadership in these institutions. Currently, there is a special focus on addressing the global challenges of food security, particularly through the Global Food Security and Agriculture Program and the environment. IA is continuing (but slightly modifying) one performance measure related to the MDBs as well as adding a new performance measure:

- Percentage of Grant and Loan Proposals Containing Satisfactory Performance Measures: To help ensure accountability in the lending and grant making of the MDBs, Treasury monitors the percentage of project proposals containing satisfactory performance measures. In FY 2011, the percentage of proposals with performance measures was 90 percent, which exceeded our target of 90 percent and FY 2010 actual performance of 92.5 percent. In FY 2012, IA's target for this measure is 90 percent. The Department will continue to encourage the development of robust, transparent performance measurement systems at the MDBs to ensure accountability for the resources they utilize.

- Monitor Quality and Enhance Effectiveness of MDB Lending through Review of MDB Grant and Loan Proposals: This new measure will track efforts by IA staff to monitor the quality of MDB loan and grant proposals to ensure the projects will have a measurable development impact, support long-term U.S. objectives, and are consistent with congressional mandates. In FY 2012, IA's target for this measure is 100 percent of reviews completed prior to the date of the relevant Executive Board meeting. IA staff will closely monitor MDB project activities and will verify progress toward meeting the FY 2012 target in regular staff meetings.

IA's Office of Technical Assistance (OTA) promotes stability abroad, supports broader U.S. Government goals such as reducing corruption, and ultimately reduces developing countries' reliance on development assistance by directly assisting finance ministries and central banks of developing countries in strengthening their capacity to manage public finances. Treasury will continue two performance measures relating to OTA:

- Office of Technical Assistance: OTA uses measures it developed to assess the level of counterparty engagement (Traction) and the degree of positive change in achieving project objectives (Impact). The overall average level of all projects calculated on a 5-point scale constitutes overall OTA Program Results. Program Results for FY 2011 were 3.7 for Traction (.1 above the 3.6 goal) and 3.2 for Impact (.1 above the 3.1 goal) - the highest scores the program has earned since the evaluation process began. In FY 2012, IA's target for Traction is 3.6 and its target for Impact is 3.1.

In 2011, a number of countries in the Middle East and North Africa have been undergoing significant political transitions to more democratic forms of government. Treasury will continue to work with international partners, including through the Deauville Partnership, to help these countries maintain economic and financial stability and promote more inclusive economic growth going forward.

Finally, IA continues to lead efforts to strength international financial regulation through the Financial Stability Board and the G-7 and G-20 processes. We have advanced reforms to close regulatory gaps, end opportunities for regulatory arbitrage, and prevent a race to the bottom. In FY 2011, we pursued international efforts to develop global standards for capital and liquidity and policies to address globally systemic financial institutions, including their resolution, and in FY 2012 are moving towards strong derivative market standards.

3.1.2 – International Affairs and Economic Policy Budget and Performance Report and Plan

Dollars in Thousands

International Affairs and Economic Policy Budget Activity								
Resource Level	FY 2006 Enacted	FY 2007 Enacted	FY 2008 Enacted	FY 2009 Enacted	FY 2010 Enacted	FY 2011 Enacted	FY 2012 Enacted	FY 2013 Request
Appropriated Resources	$32,005	$35,801	$41,852	$42,714	$47,539	$61,786	$59,277	$55,880
Reimbursable Resources	$3,199	$3,195	$4,073	$5,277	$5,233	$10,883	$1,317	$1,317
Total Resources	**$35,204**	**$38,996**	**$45,925**	**$47,991**	**$52,772**	**$72,669**	**$60,594**	**$57,197**
Budget Activity Total	**$35,204**	**$38,996**	**$45,925**	**$47,991**	**$52,772**	**$72,669**	**$60,594**	**$57,197**

Measure	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Target	FY 2013 Target
Changes that Result from Project Engagement (Impact)	N/A	N/A	3.1	3.1	3	3.2	3.1	3.1
Monitor Quality and Enhance Effectiveness of International Monetary Fund (IMF) Lending Through Review of IMF Country Programs	N/A	N/A	N/A	N/A	97.0	100.0	100.0	100.0
Number of New Trade and Investment Negotiations Underway or Completed	N/A	N/A	14	15	6	15	6	DISC
Number of Specific New Trade Actions Involving Treasury Interagency Participation in Order to Enact, Implement, and Enforce U.S. Trade Law and International Agreements	N/A	N/A	N/A	98	83	87	50	DISC
Percentage of Grant and Loan Proposals Containing Satisfactory Frameworks for Results Measurement	88.0	92.0	94.0	94.0	92.5	94.0	90.0	90.0
Scope and Intensity of Engagement Traction	N/A	N/A	3.6	3.7	3.5	3.7	3.6	3.6
Timely Reviews of Multilateral Development Banks (MDB) Grant and Loan Proposals	N/A	N/A	N/A	N/A	N/A	N/A	N/A	B
Timely Reviews of the Committee on Foreign Investment in the United States (CFIUS) Cases	N/A	N/A	N/A	N/A	N/A	N/A	N/A	B

Key: DISC - Discontinued and B - Baseline

*The FY 2011 increase is due to the allocation of administrative expenses across all DO programmatic budget activities.

3C – Domestic Finance and Tax Policy
($70,498,000 from direct appropriations, and $31,415,000 from reimbursable resources):
The offices within Domestic Finance and Tax Policy monitor and provide advice and assistance to the Secretary in the areas of tax policy, domestic finance, financial markets, and the regulation of financial institutions. Total resources also include the administrative expenses for the Domestic Finance and Tax Policy program. The goal owners for this budget activity are the Assistant Secretary for Tax Policy and the Undersecretary for Domestic Finance.

Office of Tax Policy (TP)
The Office of Tax Policy supports the Secretary of the Treasury through the provision of technical analysis, economic forecasting, and policy guidance on issues relating to Federal tax policy. The Office's analysis also supports the Department's management of Federal revenues, collection of tax revenues due the United States, and Federal debt management; all essential for ensuring the integrity of the American financial system.

The Office provides legal advice and counsel regarding the development and implementation of the department's tax policies, including proposals for legislation. The Office's Tax Analysis division provides analysis on all issues from an economic perspective, including the official Administration forecasts and estimates, analysis of proposed tax legislation, and research regarding how tax policies affect businesses and individuals.

The Office of Tax Policy works with the IRS in achieving the Treasury priority goal, *Increase Voluntary Tax Compliance* by promulgating regulations and proposing legislation that seeks to streamline and modernize existing rules and procedures. The Office will also publish administrative guidance that clearly explains tax law and illustrates its application to common situations.

Office of Domestic Finance (DF)
The mission of the Office of Domestic Finance is to advise and assist the Secretary on the domestic financial system and fiscal operations, as well as governmental assets and liabilities. The office advises the Secretary on regulations and legislation for financial institutions and markets to ensure a resilient and healthy financial sector. DF covers policy issues in the U.S. banking and financial systems, financial stability, federal government financing, fiscal affairs, and related economic and financial matters. The Office continues to be at the center of Treasury's response to the financial crisis. Key priorities for DF include the implementation of the Dodd-Frank Act, financing the federal government at the lowest cost over time, and development of long-term, comprehensive solutions for our nation's housing finance system.

Description of Performance:
The Office of Domestic Finance took the lead in developing and promoting sweeping financial regulatory reform legislation, culminating in the enactment of the Dodd-Frank Act in July 2010. Implementation of Dodd-Frank, including coordination of numerous rulemakings through the Financial Stability Oversight Council (FSOC), continues to be an important focus of the Office.

In FY 2011, the Administration engaged in a policy process aimed at developing proposals to reform the housing finance system and the Government Sponsored Enterprises. This process included the release of the Administration's White Paper on Housing Finance Reform in

February 2011 by Treasury and the U.S. Department of Housing and Urban Development. This process will continue into FY 2012, with the release of an Administration proposal for housing finance reform as the Administration continues to develop long-term, comprehensive solutions for our nation's housing finance system.

During FY 2012, Domestic Finance will continue to develop the Federal Insurance Office (FIO), which was established by the Dodd-Frank Act. FIO will prepare and deliver required reports to the President and to Congress. FIO monitors all aspects of the insurance industry, including identifying issues or gaps in the regulation of insurers that could contribute to a systemic crisis in the insurance industry or the United States financial system. The Terrorism Risk Insurance Program, which administers a statutorily required system of shared public and private compensation for insured losses resulting from acts of terrorism, is also part of the Federal Insurance Office.

Domestic Finance is working with Treasury bureaus and federal agencies across the government to negotiate and implement comprehensive new lending agreements between the Treasury and agency borrowers. These agreements provide over $700 billion in financing to agencies for direct loans and insurance programs, as well as to government corporations and government-owned operating entities.

Domestic Finance is also responsible for issuing the annual Consolidated Financial Report (CFR) for the entire U.S. government. This report, compiled from the actual financial results reported by 149 significant federal government entities, provides the President, Congress, and the American people with a comprehensive view of the government's finances. The CFR also discusses important financial issues and significant conditions that may affect future operations through the inclusion of non-traditional financial report information, such as analysis of the projected receipts and expenditures of the nation's social insurance programs and a broader examination of fiscal sustainability.

- <u>Release of Federal Government-wide financial statements on time</u>: DF has discontinued this performance goal in FY 2011, as the targets have been consistently met. DF is developing new measures to track performance of its critical operations.

Domestic Finance is making significant changes to increase the use of electronic transactions in Treasury operations. This initiative will save taxpayers more than $500 million over five years. Treasury is pursuing a target of making at least 93 percent of its benefit payments and collections electronically by the end of FY 2013. Treasury ended the sale of payroll paper savings bonds in January 2011 and will end the sale of over-the-counter savings bonds on December 31, 2011. In aggregate these initiatives will facilitate the ability of the Fiscal Service to achieve the Treasury priority goal to *Increase Electronic Transactions with the Public to Improve Service, Prevent Fraud, and Reduce Costs*.

Estimating daily cash balances and debt levels, and managing the Treasury's daily cash position, two mission-essential functions of the Treasury Department, are full-time responsibilities performed by the Office of Fiscal Projections (OFP).

- Variance between estimated and actual receipts (annual forecast) (%): Each of these performance goals are tied to the overall performance measure and determine the overall score for TFI as a whole. In FY 2011, TFI exceeded its target of 7.4, achieving a composite score of 8.3. TFI attributes this significant performance result to improved customer satisfaction among law enforcement agencies and intelligence users and increased policy interest in financial actions to address national security threats. TFI adjusted its targets upwards to 7.8 and 8.0 in FY 2012 and FY 2013, respectively. TFI will achieve future performance level goals by continuing customer outreach, increasing production of intelligence products, and implementing IT modernization projects.

3.1.3 – Domestic Finance and Tax Policy Budget and Performance Report and Plan

Dollars in Thousands

Domestic Finance and Tax Policy Budget Activity								
Resource Level	**FY 2006 Enacted**	**FY 2007 Enacted**	**FY 2008 Enacted**	**FY 2009 Enacted**	**FY 2010 Enacted**	**FY 2011 Enacted**	**FY 2012 Enacted**	**FY 2013 Request**
Appropriated Resources	$25,376	$24,878	$29,134	$29,942	$44,373	$65,909	$71,451	$70,498
Reimbursable Resources	$3,744	$4,304	$4,261	$4,204	$10,889	$36,160	$31,415	$31,415
Total Resources	**$29,120**	**$29,182**	**$33,395**	**$34,146**	**$55,262**	**$102,069**	**$102,866**	**$101,913**
Budget Activity Total	**$29,120**	**$29,182**	**$33,395**	**$34,146**	**$55,262**	**$102,069**	**$102,866**	**$101,913**

Measure	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Target	FY 2013 Target
Release Federal Government-Wide Financial Statements on Time	1.0	1.0	1.0	1.0	1.0	1.0	DISC	DISC
Variance between estimated and actual receipts (annual forecast)(%)	3.9	2.1	4.6	5.5	5.8	4.4	5.0	4.5

Key: DISC - Discontinued and B - Baseline

*The FY 2011 increase is due to the allocation of administrative expenses across all DO programmatic budget activities.

3D – Terrorism and Financial Intelligence

($100,000,000 from direct appropriations, and $18,873,000 from reimbursable resources):
The Office of Terrorism and Financial Intelligence (TFI) oversees the Department's functions that strengthen national security with the goal of safeguarding financial systems against illicit use and combating rogue nations, terrorist facilitators, money launderers, drug kingpins, proliferators of weapons of mass destruction, and other national security threats. Total resources also include the administrative expenses for the TFI program. The goal owner for this budget activity is the Undersecretary for Terrorism and Financial Intelligence.

Description of Performance:
In FY 2011, in keeping with its efforts to strengthen national security and protect the world's financial system, the Office of Foreign Assets Control (OFAC) engaged in more than 126 outreach events in the financial, trade, insurance, and securities industries to raise awareness of U.S. sanctions and to ensure compliance with those sanctions by U.S. persons. As part of its enforcement activities, the office imposed 14 separate civil penalties totaling nearly $90 million for violations of the International Emergency Economic Powers and Trading with the Enemy Acts.

In FY 2011, OFAC continued its goal to stem the flow of resources to weapons of mass destruction (WMD) proliferators, terrorists, narcotics traffickers, persons contributing to regional violence in Africa and those who support these individuals and groups. In addition, OFAC now administers sanctions programs that respond to events in Libya and Syria, and the office plays a major role in the President's strategy to combat organized crime.

Between February and June 2011, Treasury designated 15 individuals who were senior officials of the former Gaddafi regime or his family members, and two entities owned or controlled by two of Gaddafi's children. Treasury also identified 44 entities as being owned or controlled by the Government of Libya and thus subject to blocking pursuant to Section 2 of Executive Order 13566. As a result of these designations and identifications, over $37 billion in property and interests in property subject to U.S. jurisdiction has been blocked.

The Office of Terrorist Financing and Financial Crimes (TFFC) serves as the lead or co-chair on several international working groups within the Financial Action Task Force (FATF) and FATF-style regional bodies (FSRB). These working groups have produced valuable guidance and reports for identifying and addressing vulnerabilities in the international financial system. This international outreach effort promotes financial system standards and safeguards through bilateral relationships and multilateral organizations.

In FY 2011, TFFC participated in or reviewed over 40 mutual evaluations or assessments of jurisdictions' compliance with international anti-money laundering, terrorist financing, and counter-terrorist financing (AML/CFT) standards. In FY 2012, TFFC is planning to evaluate or review 25 or more mutual evaluations or assessments. Additionally, the office offered training and other technical assistance to counterparts abroad working to create effective anti-money laundering frameworks and financial regulation and oversight capable of combating terrorist finance.

TFI introduced and began to apply a composite performance measure in FY 2009 to improve the assessment of its impact. There are separate components known as performance goals within the composite measure that align to each office within TFI -- each component is linked to its overall performance goals and the Department's strategic outcomes.

Two TFI offices, OFAC and TFFC, share a combined performance goal. OFAC's mission is to administer and enforce economic and trade sanctions based on U.S. foreign policy and national security goals, and TFFC serves as the policy and outreach apparatus for TFI on terrorist financing, money laundering, financial crime, and sanctions issues. Performance for both of these offices is linked to the following performance through a focus on the impact of policy making, outreach and diplomacy, and the impact of economic sanctions: *TFI effectively employed tools and authorities to further U.S. Government policy objectives and mitigate national security threats.*

OIA, TFI's intelligence office, supports the formulation of policy and execution of Treasury authorities by producing expert intelligence analysis and driving collection on support networks of terrorists, Weapons of Mass Destruction proliferators, and other key national security threats. OIA has two separate performance goals that focus upon the impact of information, intelligence, and analysis on senior leadership and the intelligence community. User data surveys are conducted with financial intelligence users routinely internally and externally to Treasury to gauge the impact and influence that OIA has upon those who use their information. Performance for this office is linked to the following two performance goals: *Support the formulation of Treasury policy and the execution of departmental authorities through all-source analysis of the global financial network* and *Provide Treasury Department decision makers with timely, accurate, and relevant intelligence support on the full range of economic, political, and security issues.*

- Impact of TFI programs and activities: Each of these performance goals are tied to the overall performance measure and determine the overall score for TFI as a whole. In FY 2011, TFI exceeded its target of 7.4, achieving a composite score of 8.3. TFI attributes this significant performance result to improved customer satisfaction among law enforcement agencies and intelligence users and increased policy interest in financial actions to address national security threats. TFI adjusted its targets upwards to 7.8 and 8.0 in FY 2012 and FY 2013, respectively. TFI will achieve future performance level goals by continuing customer outreach, increasing production of intelligence products, and implementing IT modernization projects.

3.1.4 – Terrorism and Financial Intelligence Budget and Performance Report and Plan

Dollars in Thousands

Terrorism and Financial Intelligence Budget Activity								
Resource Level	FY 2006 Enacted	FY 2007 Enacted	FY 2008 Enacted	FY 2009 Enacted	FY 2010 Enacted	FY 2011 Enacted	FY 2012 Enacted	FY 2013 Request
Appropriated Resources	$38,238	$43,815	$51,904	$59,222	$63,601	$99,800	$100,000	$100,000
Reimbursable Resources	$2,638	$3,934	$3,866	$4,684	$6,209	$10,621	$18,873	$18,873
Total Resources	**$40,876**	**$47,749**	**$55,770**	**$63,906**	**$69,810**	**$110,421**	**$118,873**	**$118,873**
Budget Activity Total	**$40,876**	**$47,749**	**$55,770**	**$63,906**	**$69,810**	**$110,421**	**$118,873**	**$118,873**

Measure	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Target	FY 2013 Target
Impact of TFI programs and activities	N/A	N/A	B	7.81	7.4	7.6	7.8	8

Key: DISC - Discontinued and B - Baseline

*The FY 2011 increase is due to the allocation of administrative expenses across all DO programmatic budget activities.

3E – Treasury-wide Management and Programs
($38,140,000 from direct appropriations, and $14,310,000 from reimbursable resources):
DO's Treasury-wide Management (TWM) program is focused building a strong institution that is dedicated to serving the public's interest and focused on delivering results. Throughout FY 2011, TWM has developed and monitored priority initiatives and projects being carried out across various functions, including Management and Budget; Information Technology; Accounting and Internal Controls; Procurement; Human Resources; Privacy, Transparency, and Records; the Office of Women and Minority Inclusion; and DO Operations. By establishing clear goals and priorities, focusing on outcome-oriented results, and following up on individual projects and initiatives, TWM has improved customer service delivery, increased transparency and accountability, and produced considerable cost savings. The goal owner for this budget activity is the Assistant Secretary for Management/Chief Financial Officer.

Description of Performance:
Secure, cost effective and high-quality information services. The Treasury Office of the Chief Information Officer (OCIO) played a substantive role in the standup of financial reform entities resulting from the Dodd-Frank Act. Toward supporting these entities, the OCIO provided the information technology (IT) infrastructure services, including fully-managed cloud hosting services to host and maintain websites in a cost effective and efficient manner. The OCIO has also enhanced the Department's remote access capabilities, thereby allowing greater flexibility in managing its workforce through telework as outlined in the Telework Enhancement Act of 2010. Additionally, the OCIO has improved its cyber security posture through enhanced analytical techniques and technologies that counter advanced internet-based threats. Finally, to improve security-related continuous systems monitoring, identify unauthorized hardware and software, and ensure effective use of software licenses, the OCIO has implemented an IT asset discovery and inventory tool. The OCIO will continue to focus on ending or improving troubled projects, delivering functionality more rapidly, and exploiting cloud technology to maximize efficiency while lowering operational and systems management costs.

In October 2010, Treasury launched an Enterprise Content Management (ECM) platform in support of a Paperless Treasury and enhancing electronic service delivery to the public. The tool will allow for legal holds, records retention, e-discovery, and a complete information management system. This platform is being shared with other federal entities, such as Department of Health and Human Services, the Federal Labor Relations Authority, and the Pension Benefit Guaranty Corporation. This technology has enabled Treasury to achieve operational efficiencies, effect backlog reductions, reduce cycle times, and support Treasury's transparency objectives. As a result of implementing the ECM FOIA applications, in FY 2011 DO realized a 21 percent reduction in the Treasury-wide FOIA backlog, and a 38 percent reduction in the Departmental Offices' FOIA backlog.

Effective deployment and management of financial resources. For FY 2011, the Department received its twelfth consecutive unqualified audit opinion on its Treasury-wide financial statement and an unqualified audit opinion on the Office of Financial Stability/TARP financial statement. In addition, the Department closed one material weakness at the Departmental level (IRS's Modernization Management Controls and Processes) and made progress resolving the three material weaknesses remaining open as of September 30, 2011. Treasury exceeded the "percentage of timely completed planned corrective actions" goal for FY 2011 of 90 percent; the actual Treasury-wide timeliness rate was 92 percent.

- Percentage of timely completed planned corrective actions (PCAs): This measures the percentage of planned corrective actions completed by the bureaus/offices within Treasury. The Departmental Offices and Treasury overall achieved scores of 97.2 percent and 92 percent respectively, exceeding the Treasury-wide FY 2011 target of 90 percent.

The Office of the Deputy Assistant Secretary for Management and Budget (DASMB) is responsible for strategic planning, budget formulation, management analysis, and operational improvement. In FY 2011, DASMB improved the percentage of positive responses on its annual customer satisfaction survey. The percentage of respondents who were "satisfied" or "very satisfied" increased in all categories in FY 2011 as compared to the previous year: timeliness, information clarity/accuracy, professionalism, and contact availability.

Competitive, fair and responsive acquisition. The Office of the Procurement Executive (OPE) promotes and measures Treasury's procurement operations through a broad suite of performance metrics designed to facilitate success in acquisition. The Department's FY 2012 procurement goals include increasing acquisition savings by three percent, reducing high risk contracts by 10 percent, and reducing obligations for management support services by 15 percent. This is currently projected to save $23 million.

The FY 2012 Small Business Administration statutory goals for Socio-Economic Programs are 32 percent of bureau dollars to small business, five percent of bureau dollars to small disadvantaged businesses, five percent to women-owned businesses, three percent to Historically Underutilized Business Zone (HUBZone) businesses, and three percent to service disabled veteran-owned small businesses. The FY 2013 targets are projected to be similar.

U.S. Treasury
Small Business Goal Achievements
(dollars in thousands)

Socio-Economic Category	Goal		Actual	
	%	Amount	%	Amount
Small Business	28.5%	$636,749	34.0%	$730,056
Small, Disadvantaged Business	5%	$111,710	12.5%	$268,244
Women-Owned Small Business	5%	$111,710	12.9%	$277,393
HUBZone	3%	$67,026	3.7%	$79,493
Service-Disabled, Veteran-Owned Small Business	3%	$67,026	4.08%	$87,591

In FY 2012 and FY 2013, the Department will further strengthen its acquisition workforce consistent with its acquisition human capital plan. The Department expects to achieve 70 percent Federal Acquisition Certification in Contracting (FAC-C). The Department will also seek advancement of FAC for Contracting Officer's Technical Representatives (COTRs). FY 2012 performance metrics will place greater emphasis on strategic sourcing of the Department's procurement requirements, improved acquisition planning and customer satisfaction (to include rate of compliance with established procurement lead times) as well as more efficient use of the Department acquisition workforce and knowledge management systems.

Treasury Procurement exceeded both its FY 2010 and FY 2011 OMB-mandated goals for acquisition-related savings and reduction of high risk contracting obligations. The Department realized $325.9 million in FY 2011 acquisition savings versus its $317.9 million goal and cumulative $562.6 million savings versus its $476.4 million goal for FY 2010/2011. Treasury recorded an aggregate reduction in FY 2011 high risk contract obligations of 21 percent versus its internal goal of ten percent. Treasury reduced FY 2010 high risk contracts by 22.5 percent (current as of October 2011) versus the OMB goal of ten percent.

High performing and diverse workforce. The Deputy Assistant Secretary for Human Resources and Chief Human Capital Office (DASHR-CHCO) actively assisted the Office of Personnel Management (OPM), the Office of Management and Budget (OMB), and the Equal Employment Opportunity Commission (EEOC) in a variety of government-wide projects in FY 2011. This includes the National Labor Relations Council and the President's Management Council; a new employee performance management accountability framework; SES management and performance appraisal reform; establishment of "HR University" as a center for human resources education and training; and piloting EEOC's Federal Information Resource EEO System (FIRES) on the OMB Max website.

Working at the Department level in support of Administration initiatives, DASHR-CHCO in FY 2011 continued to implement the President's Memorandum on hiring reform. Treasury reduced the average time to hire from 146 to 91 days while maintaining same or better manager and applicant satisfaction indexes.

Plans for FY 2012 and FY 2013 include projects to institutionalize effective strategies to build employee engagement; implement creative approaches to workforce shaping to sustain high performance during periods of budget pressure; adopt and execute a Diversity and Inclusion Strategy; apply learning from the establishment of the Human Capital Community to other mission-critical occupations; and deploy improved performance management metrics and tools to support alignment, coordination, and collaboration among Treasury components to achieve Department goals.

A prepared and resilient Treasury organization. With FY 2011 resources, the Office of Emergency Programs (OEP) increased the Treasury Operations Center capabilities through facilities, staffing, and systems, resulting in improved coordination of situational awareness, economic data and intelligence operations for external and internal stakeholders. In addition, OEP established Treasury–wide performance measures for emergency management through the Emergency Coordinators Council and the newly chartered Treasury Emergency Management Team (EMT) and initiated a workforce preparedness campaign.

3.1.5 – Treasury-wide Management and Programs Budget and Performance Report and Plan

Dollars in Thousands

Treasury-wide Management and Programs Budget Activity								
Resource Level	FY 2006 Enacted	FY 2007 Enacted	FY 2008 Enacted	FY 2009 Enacted	FY 2010 Enacted	FY 2011 Enacted	FY 2012 Enacted	FY 2013 Request
Appropriated Resources	$16,031	$16,696	$18,944	$20,157	$27,193	$42,416	$40,441	$38,140
Reimbursable Resources	$2,920	$2,696	$4,295	$13,838	$18,653	$30,700	$14,310	$14,310
Total Resources	**$18,951**	**$19,392**	**$23,239**	**$33,995**	**$45,846**	**$73,116**	**$54,751**	**$52,450**
Budget Activity Total	**$18,951**	**$19,392**	**$23,239**	**$33,995**	**$45,846**	**$73,116**	**$54,751**	**$52,450**

Measure	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Target	FY 2013 Target
Percentage of timely completed Planned Corrective Actions (PCAs)	76.0	71.7	82.5	85.6	88.4	92.0	90.0	90.0

Key: DISC - Discontinued and B - Baseline

*The FY 2011 increase is due to the allocation of administrative expenses across all DO programmatic budget activities.

Detailed information about each performance measure, including definition, verification and validation is available.

Section 4 – Supplemental Information

4A – Capital Investment Strategy

Information Technology Capital Investments

Meeting Treasury's mission is dependent on Treasury continuously leveraging information technology (IT). With an annual IT budget of well over $3 billion dollars across all bureaus and programs, the Department's IT Strategy is focused on increasing the operational efficiency and effectiveness of the IT assets. Accordingly, Treasury's IT Strategy is focused on the following six goals:

1. Enable an Information Centric Organization. Treasury is developing greater competency and capabilities in the analysis and usage of large scale data sets, and leveraging Internet-based platforms like Data.Gov, Treasury.Gov and FinancialStability.Gov to ensure all public data feeds are readily accessible and in machine readable formats.

2. Pursue an IT organization that is agile and delivery focused. Increasing the capacity to deliver timely and effective solutions, Treasury plans to leverage the IT service capabilities across all bureaus and put into place technical capabilities to increase collaboration and productivity. Treasury's data consolidation efforts and investments in collaborative portal platforms are two examples.

3. Control and protect Treasury information assets. Security is crucial to Treasury's mission. Two of Treasury's strategic security objectives include the Department-wide use of Homeland Security Presidential Directive 12 (HSPD-12) and Data Loss Prevention. HSPD-12 allows only those with the proper credentials to access sensitive business applications and networks. The enterprise wide use of Data Loss Prevention tools allows for monitoring and preventing the accidental transmission of sensitive information outside of the Department.

4. Provide reliable and robust computing, information and communication services. Treasury operates one of the largest civilian wide area networks in the United States. As such, Treasury demands a ubiquitous, full featured and cost effective communications service. Treasury will continue to provide high performance, elastic, data agnostic services by building on the success of the migration in FY 2010 to a common, more cost effective, Multi-Protocol Label Switching-based wide area network.

5. Demonstrate measurable excellence in IT Leadership. The rapid pace of innovation in information technology demands a high degree of management rigor if IT investments are to be leveraged across an organization. Treasury is revamping IT governance processes to ensure that investments such as Data Center Consolidation, Enterprise Content Management, IRS Customer Account Data Engine II, and FinCEN's Bank Secrecy Act IT Modernization are demonstrably focused on facilitating mission performance.

6. Make Treasury a place where IT professionals want to work. The success of Treasury IT investments is dependent on the ability for Treasury to attract and retain IT talent. In support of the OMB's 25 Point Implementation Plan to Reform Federal IT Management, Treasury is

actively developing career paths for IT professionals, particularly those in Program Management.

Measuring and Managing our Progress

Using a combination of vehicles including CIO monthly project assessments, Departmental quarterly performance review sessions, and the Federal IT Dashboard, Treasury is actively monitoring, assessing and managing its key IT investments. Some of the key metrics we are using to assess progress against our IT Strategy include:

- Customer satisfaction
- Adoption rate of collaborative technologies
- Quality
- Accuracy/Timeliness of information
- Percentage IT spend allocated to Operations and Maintenance versus Development, Modernization, and Enhancement

Major Information Technology Capital Investments

HR LoB – HR Connect

HR Connect is Treasury's human resource management enterprise system and an OPM approved HR Line of Business (HR LoB). HR Connect provides a web-based solution built on PeopleSoft commercial-off-the-shelf (COTS) software, other COTS products, SaaS, and internal programs. HR Connect enables Human Capital strategy by providing capabilities such as: personnel action processing, payroll management, benefits administration, time and attendance, labor distribution, talent and performance management, recruiting and onboarding. HR Connect also provides Workforce Analytics and has helped transformed core back-office HR functions for Treasury and five other agencies.

Treasury Enterprise Identity, Credential and Access Management (TEICAM)

The TEICAM investment consolidates funding for Treasury's implementation of the Homeland Security Presidential Directive (HSPD)-12 and Federal Enterprise Identity, Credential and Access Management (FICAM) requirements.

IT Infrastructure End User Systems Support (ITI EUSS)

This investment represents an enterprise view of Departmental Offices (DO) end user hardware (desktop, laptop, handheld devices), peripherals (local and shared printers), software (operating systems, office automation suites, messaging and groupware), and help desks.

IT Infrastructure Mainframes and Server Services and Support (ITI MSSS)

This investment represents an enterprise view of DO's mainframes and servers, including hardware and software operations, licenses, maintenance, back-up, continuity of operations, disaster recovery, virtualization, and data center consolidation.

IT Infrastructure Telecommunications (ITI TSS)

This investment represents an enterprise view of DO's data networks and telecommunications hardware and software operations, licenses, maintenance, back-up, continuity of operations, and disaster recovery.

Non-Information Technology Capital Investments

The Main Treasury Building and Treasury Annex are the recipients of DO's major non-IT capital investments. The Treasury Building is the oldest departmental building in Washington, and the third oldest federally occupied building in Washington, preceded only by the Capitol and the White House. The Main Treasury Building covers five stories and a raised basement and sits on five acres of ground. The Treasury Building was dedicated as a National Historic Landmark on October 18, 1972. The 90-year old Treasury Annex, owned by the Department, is considered an American treasure. The building is part of the Lafayette Square National Register Historic District.

A summary of capital investment resources, including major information technology and non-technology investments is available.