Treasury Forfeiture Fund

Program Summary by Budget Activity

	FY 2017	FY 2018	FY 2019	FY 2018 TO FY 2019	
Budget Activity	Actual	Estimated [3]	Estimated	$ Change	% Change
Mandatory [1]	$479,446	$489,833	$450,000	-$39,833	-8.13%
Secretary's Enforcement Fund	$7,014	$25,898	$10,000	-$15,898	-61.39%
Strategic Support [2]	$39,768	TBD	TBD	NA	NA
Total Cost of Operations	**$526,228**	**$515,731**	**$460,000**	**($55,731)**	**-10.81%**
Rescissions/Cancellations	**($1,398,050)**	**($1,397,700)**	**($400,000)**	**$997,700**	**-71.38%**
Contingent Liabilities	**$387,011**	**$355,000**	**$355,000**	**($5,000)**	**-1.41%**
Total FTE	**25**	**26**	**26**		**0.00%**

[1] The Treasury Forfeiture Fund is staffed by Departmental Offices employees and positions are funded via reimbursable agreement. The FTE are shown here for clarity, but are also reflected in the Departmental Offices chapter in the reimbursable FTE total.
[2] For fiscal years 2018 and 2019, Treasury will revise Strategic Support (formerly known as Super Surplus) based on enacted appropriations and submit a plan to Congress if funding is available, once more is known about actual collections and expenses.
[3] FY 2018 full-year appropriations were not enacted at the time the budget was prepared; therefore, the budget assumes this account is operating under the Continuing Appropriations Act, 2018 (Division D of P.L. 115-56, as amended) and that the 2017 enacted rescission recurs in FY 2018.

Summary

The Treasury Executive Office for Asset Forfeiture (TEOAF) administers the Treasury Forfeiture Fund. The Treasury Forfeiture Fund (the Fund) is the receipt account for deposit of non-tax forfeitures made pursuant to laws enforced or administered by participating Treasury and Department of Homeland Security agencies. The Fund was established in 1992 as the successor to what was then the Customs Forfeiture Fund. The Fund supports Treasury's goal of Enhancing National Security.

The enabling legislation for the Treasury Forfeiture Fund (Title 31 U.S.C. 9705) defines the purposes for which Treasury forfeiture revenue may be used.

Explanation of Budget Activities

Mandatory ($450,000 from revenue/offsetting collections)

Mandatory expenses represent operating costs of the Fund, including storing and maintaining seized and forfeited assets, valid liens and mortgages, investigative expenses incurred in pursuing a seizure, information and inventory systems, remissions, victim restoration, and certain costs of local police agencies incurred in joint law enforcement operations. Following seizure, equitable shares may be paid to state and local law enforcement agencies that contributed to the seizure activity at a level proportionate to their involvement.

Secretary's Enforcement Fund ($10,000,000 from revenue/offsetting collections)

Secretary's Enforcement Fund (SEF) expenses are funded from revenue from equitable shares received from Department of Justice (DOJ) or U.S. Postal Service (USPS) forfeitures. These shares are proportionate to Treasury's participation in the overall investigative effort that led to a DOJ or USPS forfeiture. SEF revenue is available for federal law enforcement-related purposes of any bureau participating in the Fund.

Strategic Support (TBD from revenue/offsetting collections)

Strategic Support (formerly known as Super Surplus) authority, established by Congress in 31 U.S.C. 9705(g)(4)(B), allows TEOAF to fund priority federal law enforcement initiatives with remaining unobligated balances at the close of the fiscal year, after an amount is reserved for the next fiscal year's operations. Recently-enacted large rescissions have had a severe negative impact on the participating member agencies' investigations. Insufficient and inconsistent funding support, uncertainty about future funding, investigations disrupted by cash flow problems, and inability to obtain necessary technology/infrastructure in the absence of Strategic Support all undermine both current and future financial investigations and forfeitures.

Contingent Liabilities ($350,000 from revenue/offsetting collections)

TEOAF tracks future remission payments to third parties as contingent liabilities. However, these amounts are not recorded as obligations from the Fund until the Department of Justice grants the petition for remission. The third parties are predominantly victims of crimes that triggered the forfeiture (e.g., Ponzi scheme or kleptocracy victims). Amounts recorded are significant because remission payments from multiple years are recorded and carried forward. The amounts change constantly as payments are made and amounts for new remission cases are added. TEOAF considers the amounts recorded as contingent liabilities as unavailable and believes that consideration of contingent liabilities provides a more accurate representation of the financial position of the Fund.

Legislative Proposals

P.L. 114-113 rescinded $3,800,000,000 of the $3,838,800,000 forfeited by BNP Paribas in 2015 and prohibited Treasury from obligating the remaining balance. However, the remaining balance will remain in the Fund unless returned to the General Fund. Return of these funds to Treasury is being done solely to remove them from the Fund's account, but will not count as savings because the funds are already precluded from obligation.

TEOAF Performance Highlights

Budget Activity	Performance Measures	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Target	FY 2019 Target
Treasury Forfeiture Fund	Percent of Forfeited Cash Proceeds Resulting from High-Impact Cases	98.25	89.09	81.79	80.0	80.0

Description of Performance

The TEOAF continues to measure the performance of the participating law enforcement bureaus through the use of the performance measure: percent of forfeited cash proceeds resulting from high impact cases. This measures the percentage of forfeited cash proceeds resulting from high impact cases, which are cases resulting in a cash forfeiture deposit equal to or greater than $100,000.

Focusing on strategic cases and investigations that result in high impact forfeitures will do the greatest damage to criminal organizations while accomplishing the ultimate objective, which is to disrupt and dismantle criminal activity. Member law enforcement bureaus participating in the Fund have met or exceeded the performance target since FY 2013. However; the performance declined from 89.09 percent to 81.79 percent from FY 2016 to FY 2017. This is attributable to large rescissions leading to no Strategic Support funding available to the participating agencies in FY 2015 and FY 2016. For FY 2018 and FY 2019, the target will remain at 80 percent. The Fund maintains a target of 80 percent because some cases may be important to pursue, even if they are not high-impact cases and result in deposits of less than $100,000.