

Bureau of the Public Debt

Program Summary by Budget Activity

(Dollars in thousands)

Appropriation	FY 2008	FY 2009	FY 2010		
	Enacted	Enacted	Request	\$ Change	% Change
Administering the Public Debt	\$182,871	\$187,352	\$192,244	\$4,892	2.6%
Wholesale Securities Services	\$23,828	\$23,438	\$24,492	\$1,054	4.5%
Government Agency Investment Services	\$15,745	\$17,723	\$16,264	(\$1,459)	(8.2%)
Retail Securities Services	\$135,690	\$139,109	\$142,645	\$3,536	2.5%
Summary Debt Accounting	\$7,608	\$7,082	\$8,843	\$1,761	24.9%
Subtotal, Bureau of the Public Debt	\$182,871	\$187,352	\$192,244	\$4,892	2.6%
Offsetting Collections - Reimbursables	\$15,294	\$21,196	\$21,832	\$636	3.0%
Total Program Operating Level	\$198,165	\$208,548	\$214,076	\$5,528	2.6%

Note: The FY 2010 Budget Request includes \$10 Million in projected user fee collections.

Explanation of Request

The FY 2010 President's Budget request for the Bureau of the Public Debt (BPD) includes funding to support the Department of the Treasury's strategic outcome of financing the government at the lowest possible cost over time. Public Debt's top priority is to ensure that the most efficient systems are in place to conduct borrowing operations and deliver securities services to investors.

Total resources to support Public Debt activities in FY 2010 are \$214,076,000, including \$192,244,000 from direct appropriations, of which \$10,000,000 are user fees, and \$21,832,000 from offsetting collections.

Purpose of Program

BPD's mission is to borrow the money needed to operate the federal government, account for the resulting debt, and provide reimbursable support services to federal agencies. In carrying out its mission and vision, Public Debt annually auctions and issues more than \$4 trillion in Treasury bills, notes, bonds and Treasury Inflation-Protected Securities (TIPS); effectively administers the regulations that govern the primary and secondary Treasury

securities markets; ensures reliable systems and processes are in place for issuing, transferring, paying interest on and redeeming Treasury securities; issues and redeems more than 70 million paper savings bonds each year; administers in excess of \$4 trillion in investments for more than 240 federal trust funds; and provides timely and accurate information on the public debt.

In support of Treasury's strategic outcome of financing the government at the lowest possible cost over time, Public Debt's top priority is to ensure the most efficient systems are in place to conduct borrowing operations and deliver securities services to investors. To this end, in FY 2008, Public Debt introduced an enhanced auction system. The new Treasury Automated Auction Processing System (TAAPS) provides improved bid-entry, more timely and easier access to data, and greater reliability and security. The bureau also continues to enhance its TreasuryDirect system where retail customers can purchase and manage their holdings of Treasury securities online.

BPD FY 2010 Budget Highlights

(Dollars in thousands)

Appropriation	Amount
FY 2009 Enacted	\$187,352
Changes to Base:	
Maintaining Current Levels (MCLs):	\$4,892
GAO Audit	1,500
Across the Board program reduction	(944)
Pay Annualization	1,135
Pay Inflation Adjustment	2,495
Non-Pay Inflation Adjustment	706
Subtotal FY 2010 Changes to Base	\$4,892
Total FY 2010 Base	\$192,244
Program Changes:	
Program Decreases:	(\$1,734)
Government Agency Investment Services System (GAISS) Savings	(1,734)
Program Reinvestment:	\$1,734
Hot-site Disk Storage Replacement	498
Intrusion Detection and Security Infrastructure Refresh and Update	338
Mainframe Software Upgrade	598
Trusted Internet Connection Initiative	300
Subtotal FY 2010 Program Changes	\$0
Total FY 2010 President's Budget Request	\$192,244
User Fees	(10,000)
Total FY 2010 President's Budget Request (Net)	\$182,244

FY 2010 Budget Adjustments

FY 2009 Enacted

The FY 2009 enacted direct appropriation for BPD is \$187,352,000.

Maintaining Current Levels (MCLs)

Adjustments Necessary to Maintain

Current Levels +\$4,892,000 / +0 FTE Funds are requested for: GAO audit reimbursement of \$1,500,000; Across the Board program reduction -944,000; FY 2010 cost of the January 2009 pay increase of \$1,135,000; proposed January 2010 pay raise of \$2,495,000; and (4) non-labor related items such as contracts, travel, supplies, equipment and GSA rent adjustments of \$706,000.

Program Decreases

Government Agency Investment Services System (GAISS) Savings -\$1,734,000 / +0 FTE

Due to the completion of the final phase of the development, modernization and

enhancement (DME) project, Public Debt will realize \$1,734,000 in savings for GAISS.

Program Reinvestment

Hot-site Disk Storage Replacement

+\$498,000 / +0 FTE Public Debt expects disk storage at the Kansas City disaster recovery hot-site to exceed its current service life and capacity. New disk storage will ensure continued disaster recovery capabilities for systems that support Public Debt's mission essential functions.

Intrusion Detection and Security

Infrastructure Refresh +\$338,000 / +0 FTE

Aging technology requires Public Debt to upgrade the majority of its Intrusion Detection and Security Event Management Infrastructure in FY 2010. The refresh will ensure continued availability and heightened security awareness of customer systems, including GAISS, TreasuryDirect and Public Debt's website TreasuryDirect.gov.

Mainframe Software Upgrade +\$598,000 / +0 FTE

An increase in BPD's mainframe processing capacity is required. As the number of transactions processed by the mainframe increases, so do operating software costs. This upgrade will allow BPD to meet current and future capacity needs.

Trusted Internet Connection Initiative

+\$300,000 / +0 FTE All BPD internet and external connectivity must traverse a Trusted Internet Connection Access Provider (TICAP). Public Debt will procure security devices and support in order to fully meet this objective.

Adjustments to Request

User Fees -\$10,000,000 / +0 FTE Public Debt charges Legacy Treasury Direct system account holders a \$100 account maintenance fee on accounts with a balance of more than \$100,000 in par value.

Explanation of Budget Activities

Administering the Public Debt

Wholesale Securities Services (\$24,492,000 from direct appropriations and \$2,781,000 from reimbursable programs) Public Debt announces, auctions and issues marketable Treasury bills, notes, bonds and Treasury Inflation-Protected Securities (TIPS). This program ensures that the government's critical financing needs are met and that an efficient infrastructure is in place for the transfer, custody and redemption of Treasury securities in the wholesale market. Public Debt also administers Treasury's regulations that provide investor protection and maintain the integrity, liquidity and efficiency in the government securities market.

Government Agency Investment Services (\$16,264,000 from direct appropriations and \$1,847,000 from reimbursable programs) Public Debt supports federal, state and local government agency investments in non-marketable Treasury securities as well as federal agency borrowing from the Department of the Treasury. There are more than 240 trust and investment funds held by federal agencies. For 18 of the funds, Public Debt also maintains the investment accounts and performs additional administrative functions on behalf of the Secretary of the Treasury.

Retail Securities Services (\$142,645,000 from direct appropriations and \$16,200,000 from reimbursable programs) Public Debt serves more than 50 million retail customers who have invested in marketable and savings securities directly with Treasury. Investors may hold these securities in book-entry or paper form. BPD will position Treasury to eliminate new issues of paper savings bonds. The program will also focus on improving the quality and efficiency of customer service by implementing the first phases of the new Treasury Retail E-Services customer service environment.

Summary Debt Accounting (\$8,843,000 from direct appropriations and \$1,004,000 from reimbursable programs) This program is key to meeting Public Debt's responsibility to account for the public debt and related annual interest expenses. Public Debt produces daily reports on the balance and composition of the public debt and also provides the overarching control structure for numerous subsidiary securities systems and their related transactions and cash flows.

Legislative Proposals

Public Debt has no legislative proposals for FY 2010.

BPD Performance by Budget Activity

Budget Activity	Performance Measure	FY 2006	FY 2007	FY 2008		FY 2009	FY 2010
		Actual	Actual	Actual	Target Met?	Target	Target
Wholesale Securities Services	Percent of auction results released in two minutes +/- 30 seconds (%) (Oe)	100	99.10	100	Yes	95	95
Government Agency Investment Services	Cost per federal funds investment transaction (\$) (E)	62.64	68.53	64.98	Yes	69.11	54.69
Government Agency Investment Services	Number of Government Agency Investment Services control processes consolidated (Oe)	N/A	3	2	Yes	0	5
Retail Securities Services	Percentage of retail customer service transactions completed within 5 business days (%) (Ot)	N/A	N/A	N/A	N/A	Baseline	TBD
Summary Debt Accounting	Cost per summary debt accounting transaction (\$) (E)	10.96	9.29	9.11	Yes	10.01	12.28

Key: Oe - Outcome Measure, E - Efficiency Measure, Ot - Output/Workload Measure, and M - Management/Customer. Satisfaction

Description of Performance

The Bureau of the Public Debt has continued to set challenging performance goals with positive results. To improve performance, Public Debt places a high priority on adopting new technology to increase the security, flexibility and efficiency of financing the needs of the federal government.

In FY 2008, Public Debt released auction results within two minutes, plus or minus 30 seconds, 100 percent of the time, surpassing its performance target of 95 percent. In addition, Public Debt processed over 99 percent of retail customer transactions within 11 business days and met its targeted costs for summary debt accounting and federal funds investment transactions.