

Financial Crimes Enforcement Network

Program Summary by Budget Activity

(Dollars in thousands)

Appropriation	FY 2008	FY 2009	FY 2010		
	Enacted	Enacted	Request	\$ Change	% Change
Salaries and Expenses	\$90,098	\$91,465	\$102,760	\$11,295	12.3%
BSA Administration and Analysis	\$76,889	\$82,287	\$93,444	\$11,157	13.6%
Regulatory Support Programs	\$8,955	\$9,178	\$9,316	\$138	1.5%
Subtotal, Financial Crimes Enforcement Network	\$85,844	\$91,465	\$102,760	\$11,295	12.3%
Offsetting Collections - Reimbursables	\$1,541	\$6,000	\$3,000	\$-3,000	-50%
Total Program Operating Level	\$91,639	\$97,465	\$105,760	\$8,295	8.5%

Explanation of Request

The Financial Crimes Enforcement Network (FinCEN) FY 2010 President's Budget request includes funding to strengthen its capability to safeguard the nation's financial system from the abuses of financial crime, including terrorist financing, money laundering, and other illicit activity. Specifically, the funding request maintains current operating levels, and initiates modernization of Bank Secrecy Act (BSA) information management and analysis.

Total resources required to support FinCEN activities for FY 2010 are \$105,760,000 including \$3,000,000 from offsetting collections and reimbursable agreements.

Purpose of Program

The mission of FinCEN, a bureau within Treasury's Office of Terrorism and Financial Intelligence, is to enhance U.S. national security, deter and detect criminal activity, and safeguard financial systems from abuse by promoting transparency in the U.S. and international financial systems. FinCEN fulfills its mission, goals and priorities by: administering the BSA; supporting law enforcement, intelligence, and regulatory agencies through sharing and analysis of financial intelligence; enhancing international anti-money laundering and counter-terrorist financing efforts and cooperation; and networking people, entities, ideas, and information.

FinCEN FY 2010 Budget Highlights

(Dollars in thousands)

Appropriation	Amount
FY 2009 Enacted	91,465
Changes to Base:	
Maintaining Current Levels (MCLs):	\$1,295
Across the Board Program Reduction	(453)
Non-Pay Inflation Adjustment	495
Pay Annualization	419
Pay Inflation Adjustment	834
Subtotal FY 2010 Changes to Base	\$1,295
Total FY 2010 Base	92,760
Program Changes:	
Program Increases:	\$10,000
Implement Information Technology Modernization	10,000
Subtotal FY 2010 Program Changes	\$10,000
Total FY 2010 President's Budget Request	102,760

FY 2010 Budget Adjustments

FY 2009 Enacted

The FY 2009 enacted direct appropriation for FinCEN is \$91,465,000.

Maintaining Current Levels (MCLs)

Adjustments Necessary to Maintain

Current Levels +\$1,295,000 / +0 FTE Funds are requested for: Across the Board Program Reduction of \$453,000; FY 2010 cost of the January 2009 pay increase of \$419,000; proposed January 2010 pay raise of \$834,000; and non-labor related items such as contracts, travel, supplies, equipment and GSA rent adjustments of \$495,000.

Program Increases

Implement Information Technology

Modernization +\$10,000,000 / +1 FTE The request supports a subset of efforts FinCEN has identified to modernize the BSA technical environment. This effort will begin to enrich and standardize BSA data to maximize value, integrate data with other state and federal sources, deploy advanced analytical and storage technologies, and establish more effective security and audit technologies to enhance data confidentiality and integrity.

Explanation of Budget Activities

Salaries and Expenses

BSA Administration and Analysis (\$93,444,000 from direct appropriations and \$3,000,000 from reimbursable programs)

This activity comprises FinCEN's efforts to administer the BSA, including promulgating regulations, providing outreach and issuing guidance to the regulated industries, providing oversight of BSA compliance, initiating enforcement actions, and, with the IRS, managing the information filed by the regulated industries, as well as analytic activities. Internationally, FinCEN promotes the development of anti-money laundering regimes through training and technical assistance. Analytical programs include support to U.S. law enforcement and international FIUs in combating financial crime by facilitating the exchange of investigative information; identifying foreign and domestic money laundering and terrorist financing trends, patterns, and techniques; and liaison with and support of intelligence initiatives within the intelligence community and within Treasury. This activity also

incorporates efforts to support large-scale, complex law enforcement investigations involving terrorist financing, money laundering, and other financial crimes.

Regulatory Support Programs (\$9,316,000 from direct appropriations)

This activity supports implementation, strengthening and clarification of the programmatic (anti-money laundering, Customer Identification Program, and suspicious activity reporting), recordkeeping, and reporting requirements of the BSA for financial institutions subject to those requirements. FinCEN will continue efforts with the IRS, especially related to the money services business (MSB) industry to ensure compliance, respond to public inquiries, distribute forms and publications, and support collection and maintenance of BSA information. This may include enhancing the capability to correct identified data quality issues, enhance electronic filing, potentially explore overall forms design, and other related enhancements to the BSA collection and dissemination systems. These resources also fund IRS BSA compliance activities for non-bank financial institutions, especially related to the MSB industry.

Legislative Proposals

FinCEN does not have any legislative proposals for FY 2010.

FinCEN 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
BSA Administration and Analysis	Percentage of customers satisfied with the BSA E-Filing (%) (Ot)	92	94	93	Yes	90	90
BSA Administration and Analysis	Percentage of FinCEN's Regulatory Resource Center customers rating the guidance received as understandable (%) (Ot)	94	91	94	Yes	90	90
BSA Administration and Analysis	The percentage of domestic law enforcement and foreign financial intelligence units finding FinCEN's analytical reports highly valuable (%) (Oe)	77	82	83	Yes	80	80
BSA Administration and Analysis	Average time to process enforcement matters (in years) (E)	1	1.1	0.7	Yes	1	1

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

Description of Performance

In the regulatory area, FinCEN's goal to provide financial institutions with understandable guidance is critical to institutions establishing anti-money laundering programs that comply appropriately with the BSA. FinCEN's FY 2008 goal was to maintain a 90 percent satisfaction level and it surpassed the target with 94 percent of customers rating the guidance received as "understandable."

FinCEN also works closely with its regulatory partners to take enforcement action against financial institutions that systemically and egregiously violate the provisions of the BSA, including through imposition of civil money penalties when appropriate. Timely enforcement action is essential to deter non-compliance with the BSA. In FY 2008, FinCEN surpassed its target of an average time to process enforcement matters of 1.0 years with an average time of 0.7 years.

In the analytical area, FinCEN supports domestic law enforcement and international Foreign Intelligence Unit (FIU) partners by both providing analyses of BSA information, and measuring the percentage of customers finding FinCEN's analytical reports highly valuable. The measure closely ties to how BSA information is used by both law enforcement and international FIUs to identify, investigate, and prevent abuse of the financial system. In FY 2008, FinCEN surpassed its target of 79 percent with 83 percent of its customers finding the analytic products highly valuable.

For the efficient management, safeguarding, and use of BSA information, FinCEN conducts a survey of the users of the BSA E-Filing system to determine the overall satisfaction level and to identify where improvements are needed. The FY 2008 target was to maintain at least a 90 percent satisfaction level, and FinCEN surpassed its target with 93 percent.