

Bureau of the Public Debt

Program Summary by Budget Activity

(Dollars in thousands)

Appropriation	FY 2009 Enacted	FY 2010 Enacted	Request	FY 2011 \$ Change	% Change
Wholesale Securities Services	\$23,438	\$24,492	\$24,234	(\$258)	(1.1%)
Government Agency Investment Services	\$17,723	\$16,264	\$16,162	(\$102)	(0.6%)
Retail Securities Services	\$139,109	\$142,645	\$136,327	(\$6,318)	(4.4%)
Summary Debt Accounting	\$7,082	\$8,843	\$9,262	\$419	4.7%
Subtotal, Bureau of the Public Debt	\$187,352	\$192,244	\$185,985	(\$6,259)	(3.3%)
Offsetting Collections - Reimbursables	\$21,196	\$22,110	\$22,773	\$663	3.0%
Total Program Operating Level	\$208,548	\$214,354	\$208,758	(\$5,596)	(2.6%)

Note: Total Appropriated Resources include \$10,000,000 in projected user fee collections.

Explanation of Request

The FY 2011 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. Public Debt will contribute to Treasury's overall paperless initiative by increasing the issuance of savings bonds electronically including moving to all electronic issuance for payroll savings bond sales.

Total resources to support Public Debt activities in FY 2011 are \$208,758,000, including \$185,985,000 from direct appropriations, of which \$10,000,000 are user fees, and \$22,773,000 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

\$8 trillion in Treasury bills, notes, bonds and Treasury Inflation-Protected Securities (TIPS); administers on Treasury's behalf its regulatory responsibilities for the government securities market; 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 250 federal trust funds; and provides timely and accurate information on the public debt.

In support of Treasury's strategic outcome of government financing at the lowest possible cost over time, Public Debt's top priority is to guarantee operational readiness to meet the government's critical financing needs by ensuring the most efficient systems are in place to conduct borrowing operations and deliver securities services to investors. To that end, the bureau continues to enhance its auction process. The Treasury Automated Auction Processing System (TAAPS) provides simple bid-entry, quick and easy access to data and superior reliability and security.

BPD FY 2011 Budget Highlights

(Dollars in thousands)

Appropriation	Amount
FY 2010 Enacted	192,244
Changes to Base:	
Base Realignment:	\$0
FTE Adjustment	-
Maintaining Current Levels (MCLs):	\$3,171
FERS Percentage Change	188
Non-Pay Inflation Adjustment	1,005
Pay Annualization	651
Pay Inflation Adjustment	1,327
Efficiencies Savings:	(\$9,430)
Revise Issuing Agent Fee Structure	(1,900)
Reduce Paying Agent Fees	(2,500)
Consolidate Parkersburg Facilities	(1,800)
Program Efficiencies	(1,000)
Procurement Savings	(1,630)
Reduce Travel	(200)
Non-Salary Program Efficiencies	(400)
Subtotal FY 2011 Changes to Base	(\$6,259)
Total FY 2011 Base	185,985
Total FY 2011 Budget Request	185,985
User Fees	(10,000)
Total FY 2011 Budget Request (Net)	175,985

FY 2011 Budget Adjustments

FY 2010 Enacted

The FY 2010 enacted direct appropriation for BPD is \$192,244,000.

Base Realignment

FTE Adjustment +\$0 / -21 FTE

Upon review of its FY 2010 proposed financial plan, BPD identified 21 unfunded base FTE which are reflected in this adjustment.

Maintaining Current Levels (MCLs)

Adjustments Necessary to Maintain Current Levels +\$3,171,000 / +0 FTE

Funds are requested for: A FERS percentage rate change of \$188,000; non-labor related items such as contracts, travel, supplies, equipment and GSA rent adjustments of \$1,005,000; FY 2011 cost of the January 2010 pay increase of \$651,000; and a proposed January 2011 pay raise of \$1,327,000.

Efficiencies Savings

Revise Issuing Agent Fee Structure - \$1,900,000 / +0 FTE

Savings due to eliminating the differential paid to paper savings bond issuing agents who submit customer orders electronically rather than by paper applications.

Reduce Paying Agent Fees -\$2,500,000 / +0 FTE

Due to an anticipated decrease in the number of savings bonds redeemed, Public Debt is reducing its paying agent fees.

Consolidate Parkersburg Facilities - \$1,800,000 / +0 FTE

Public Debt realizes savings by consolidating facilities in Parkersburg.

Program Efficiencies -\$1,000,000 / -12 FTE

Savings will be realized in all BPD programs through staff reductions and other efficiencies.

Procurement Savings -\$1,630,000 / +0 FTE

Cost savings by streamlining Department-wide procurement operations and reducing external procurement spending.

Reduce Travel -\$200,000 / +0 FTE

Public Debt realizes savings from a reduction in travel.

Non-Salary Program Efficiencies -\$400,000 / +0 FTE

Public Debt realizes savings from non-salary program efficiencies.

Adjustments to Request User Fee

User Fees -\$10,000,000 / +0 FTE

For \$100 account maintenance fees that Public Debt charges to account holders in the Legacy Treasury Direct system with an account balance of more than \$100,000 in par value.

Explanation of Budget Activities

Salaries and Expenses

Wholesale Securities Services (\$24,234,000 from direct appropriations and \$2,967,000 from reimbursable programs)

Public Debt announces, auctions and issues marketable Treasury bills, notes, bonds and TIPS. This program ensures that the government's critical financing needs are met and oversees an infrastructure that provides 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 (\$16,162,000 from direct appropriations and \$1,979,000 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 250 trust and investment funds held by federal agencies. For 18 of the funds, the Secretary of the Treasury, designated by statute, is the managing trustee.

Retail Securities Services (\$136,327,000 from direct appropriations, including \$10,000,000 from user fee collections, and \$16,693,000 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 continue focusing on improving the quality and efficiency of customer service by formulating and providing recommendations to support skill-based routing, web chat and the use of images in the Treasury Retail E-Services environment.

Summary Debt Accounting (\$9,262,000 from direct appropriations and \$1,134,000 from reimbursable programs)

This program is key to meeting Public Debt's responsibility to account for the public debt and related interest expense incurred to finance the operations of the federal government. Public Debt produces daily reports on the balance and composition of the public debt, provides the overarching control structure for dozens of subordinate securities systems and reconciles their related transactions and cash flows.

Legislative Proposals

Legislative Proposals

Public Debt has no legislative proposals for FY 2011.

BPD Performance by Budget Activity

	Performance Measure	FY 2007	FY 2008	FY 2009		FY 2010	FY 2011	
		Actual	Actual	Target	Actual	Target Met?	Target	Target
Wholesale Securities Services	Percent of auction results released in 2 minutes +/- 30 seconds (Oe)	99.1	100	95	100	Y	95	100
Government Agency Investment Services	Cost per federal funds investment transaction (\$) (E)	68.53	64.98	69.11	41.71	Y	45.7	44.92
Government Agency Investment Services	Number of Government Agency Investment Services control processes consolidated (Oe)	3	2	0	0	Y	5	0
Retail Securities Services	Percentage of retail customer service transactions completed within 11 business days (Ot)	99.43	99.86	90	99.83	Y	DISC	DISC
Summary Debt Accounting	Cost per summary debt accounting transaction (\$) (E)	9.29	9.11	10.01	8.66	Y	11.81	11.55

Key: Oe - Outcome Measure, E - Efficiency Measure, Ot - Output/Workload Measure, DISC – discontinued, and B - baseline

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 2009, 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.

The cost per federal funds investment transaction is projected to be \$45.70 for FY 2010 and \$44.92 for FY 2011. The projected cost per federal funds investment transaction is increasing for FY 2010 due to an increase in support charges and projected constant transaction volumes. The FY 2011 target reflects constant transaction volumes and a reduction in overall general expenditures.