

# Bureau of the Public Debt

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## Mission Statement

To borrow the money needed to operate the federal government, account for the resulting debt and provide reimbursable support services to federal agencies.

## Program Summary by Budget Activity

Dollars in Thousands

| Appropriation                         | FY 2008          | FY 2009          | FY 2010          |                |              |
|---------------------------------------|------------------|------------------|------------------|----------------|--------------|
|                                       | Enacted          | Enacted          | Request          | \$ Change      | % Change     |
| 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%        |
| <b>Total Appropriated Resources</b>   | <b>\$182,871</b> | <b>\$187,352</b> | <b>\$192,244</b> | <b>\$4,892</b> | <b>2.6%</b>  |
| <b>Total FTE</b>                      | <b>1,371</b>     | <b>1,042</b>     | <b>1,042</b>     | <b>0</b>       | <b>0.00%</b> |

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

## FY 2010 Priorities

- Protect and strengthen Treasury's borrowing capabilities.
- Improve tools for educating and communicating with our large investors.
- Position Treasury to eliminate new issues of paper savings bonds.
- Improve the quality and efficiency of service to retail customers.
- Continually demonstrate accounting excellence by producing daily financial statements and receiving unqualified opinions on the annual audits of the *Schedules of Federal Debt*.
- Gain efficiencies and strengthen controls by reducing the number of common business processes that serve federal investments, special purpose securities and federal borrowings from eighteen to six.
- Continue to adopt technological advances to ensure Public Debt's various information technology systems remain secure.

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## **Section 1 – Purpose**

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### **1A – Description of Bureau Vision and Priorities**

The Bureau of the Public Debt's vision is to lead the way for responsible, effective government through commitment to service, efficient operations, openness to change and values-based behavior. 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, quicker 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 over the internet.

Public Debt's major operational initiative is to consolidate all Government Agency Investment Services functions into a single integrated control environment by FY 2012. This will result in lower operational risks, more timely and accurate data and standardized system, business and data elements. To date, federal investments and borrowings functions are operating from the same automated platform and the effort to merge the State and Local Government Series (SLGS) program is underway.

Positioning Treasury to eliminate new issues of paper savings bonds is an important goal for Public Debt's retail program. The strategy to accomplish this goal centers on TreasuryDirect and electronic bonds, which are more efficient to issue and service over the long term than paper savings bonds. In the next few years, Public Debt will enhance its system and processes to attract investors to TreasuryDirect as their preferred way to buy and hold savings bonds.

The retail program also places a high priority on improving the quality and efficiency of its customer service. Supporting this initiative is a multi-year vision to create a new service environment known as Treasury Retail E-Services (TRES). In the new environment, Public Debt and Federal Reserve Bank servicing sites will share common systems and databases. Customers will have access to a wide range of communication channels, many of which will encourage self-service to the greatest extent possible. This ambitious initiative promises a seamless experience for customers and increases efficiency by eliminating duplicative processes and creating more opportunities for customer self-service.

With its resources, Public Debt:

- Conducts more than 200 marketable securities auctions annually, resulting in the issuance of more than \$4 trillion in Treasury bills, notes, bonds and TIPS;
- Administers in excess of \$4 trillion in Government Account Series (GAS) investments, which amounts to approximately 40 percent of the public debt;
- Manages some 6,300 active SLGS securities accounts valued at nearly \$260 billion;
- Serves more than 50 million retail customers holding marketable and savings securities, including nearly 300,000 investor accounts in the internet-accessed TreasuryDirect system;
- Accounts for and reports on \$250 billion in federal agency borrowings from Treasury in nearly 80 funds;
- Accounts for and reports on the balance and composition of more than \$10 trillion in public debt, the single largest liability on the federal government's balance sheet, and reconciles more than \$85 trillion in securities transactions reported from numerous systems to cash flowing in and out of the federal government each year; and
- Receives unqualified audit opinions on the *Schedules of Federal Debt* annually.

The total resources required 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 are from offsetting collections.

## **1B – Program History and Future Outlook**

Public Debt continues to enhance the mechanisms for participation by a wide range of investors in its wholesale, government agency investment services and retail programs.

Over the years, Public Debt has dramatically reduced the time required to complete marketable securities auctions. Results are consistently released within two minutes, plus or minus 30 seconds, of the closing of the competitive auction. In addition, non-competitive results are released 15 minutes prior to competitive close. By enhancing information availability and reducing the time bidders are exposed to the risk of adverse market movements, auction participants are likely to bid at more favorable rates and yields to the federal government.

In FY 2008, Public Debt implemented a new auction system. The Treasury Automated Auction Processing System (TAAPS) fully automates the announcement, auction and issuance of marketable securities. At the same time, TAAPS provides greater speed and flexibility to Treasury debt managers in bringing new types of securities to market and implementing policy changes, such as offering 52-week Treasury bills and selling marketable securities in \$100 – rather than \$1,000 – increments. By eliminating manual processes, the system supports error-free auction results. Going forward, Public Debt will upgrade TAAPS to keep pace with changes in technology, ensuring financing operations are conducted timely and with 100 percent accuracy.

Public Debt continues its commitment to provide efficient mechanisms for federal investments, special purpose securities and federal borrowings. As part of this effort, the

number of common business processes will be reduced from eighteen to six thus avoiding duplication. Common business processes are functions that support the GAIS line of business. They include funds management, investment accounting, standard reporting, customer interface, enhanced reporting and account maintenance. Ultimately, with standardized system, business and data elements, Public Debt can introduce stronger internal controls and reduce operational risks.

Public Debt will provide its customers with the assistance they need to manage their federal investments, special purpose securities and federal borrowings effectively and efficiently as possible. One of the ways this will be accomplished is through education, including periodic seminars and orientation for new customers to ensure they understand and can take full advantage of Public Debt's systems and services. Also, more extensive reporting capabilities will be made available to customers, which will better meet their needs.

When Treasury introduces new instruments or changes to existing instruments available for federal agency investment, Public Debt will assist its customer agencies in understanding these changes and the implications for their investment operations. As new legislation is enacted or business processes change, Public Debt will support federal agencies' implementation of these modifications. For example, Public Debt will work with its customers to implement Treasury's major initiative to improve and streamline government-wide accounting through the capture of all necessary financial information at the first point of reporting.

When legislation establishing investment authority for a new fund is vague or inconsistent, Public Debt experiences significant operational challenges, as do its customers, in trying to implement this new authority. Public Debt will support Treasury's initiative to standardize legislation for all new investment funds by actively promoting Treasury's preferred language to drafters of proposed investment legislation.

Together, these initiatives will enable Public Debt's customers to optimize the management of their investments.

Providing quality customer service through efficient and effective business processes remains a key goal for the retail program. In FY 2010, Public Debt will be in the first stages of developing the Treasury Retail E-Services customer service environment that will allow its representatives to respond to customers more quickly and thoroughly. Also in FY 2010, Public Debt will enhance TreasuryDirect to simplify the process to give electronic savings bonds as gifts.

Public Debt continues to work to improve the clarity, usefulness, and availability of federal debt information. Public Debt produces daily unaudited financial statements. Going forward, Public Debt will work to modernize its system used for public debt accounting by migrating common financial information to a shared service solution. Public Debt will begin defining requirements to reengineer business processes that best

support the needs of the Summary Debt Accounting program. Ultimately, this will reduce operational risks, while standardizing system, business and data elements.

Although not supported by appropriated funding, Public Debt's franchising program represents a significant part of the business and staff resources of the organization. As a recognized Shared Service Provider (SSP) in several business lines, the Administrative Resource Center (ARC) provides financial management, administrative support and information technology services to federal agencies, generating revenue to pay all organizational expenses. Because of the quality of the services provided, the depth and breadth of services provided to customers has grown. The vision of allowing agencies to focus on mission-related activities, while gaining efficiencies and increasing standardization through the use of SSPs is being realized. During FY 2009, ARC expects to use 971 FTE to service 70 customers and generate \$148 million in revenue. In FY 2010, ARC projects revenue of \$147 million and FTE levels to be unchanged.

## Section 2 – Budget Adjustments and Appropriation Language

### 2.1 – Budget Adjustments Table

Dollars in Thousands

| Bureau of the Public Debt  | FTE   | Amount    |
|--|-------|-----------|
| <b>FY 2009 Enacted</b>   | 1,042 | 187,352   |
| Changes to Base:   |       |           |
| Maintaining Current Levels (MCLs):                                 | -     | \$4,892   |
| GAO Audit  | -     | 1,500     |
| Non-Pay Inflation Adjustment                                       | -     | 706       |
| Pay Annualization  | -     | 1,135     |
| Pay Inflation Adjustment   | -     | 2,495     |
| Across the Board program reduction                                 | -     | (944)     |
| Subtotal FY 2010 Changes to Base                                   | -     | \$4,892   |
| <b>Total FY 2010 Base</b>  | 1,042 | 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       |
| <b>Total FY 2010 President's Budget Request</b>                    | 1,042 | 192,244   |
| User Fees  | -     | (10,000)  |
| <b>Total FY 2010 President's Budget Request (Net)</b>              | 1,042 | 182,244   |

### 2A – Budget Increases and Decreases Description

**Maintaining Current Levels (MCLs) ..... +\$4,892,000 / +0 FTE**

*Across the Board program reduction -\$944,000 / +0 FTE*

BPD continues to focus on improving the efficiency of its operations through a disciplined process of productivity improvement.

*GAO Audit +\$1,500,000 / +0 FTE*

Resulting from the amendment to Public Law 110-323, which authorizes the reimbursement of annual financial statement audit costs to the Government Accountability Office (GAO), the Bureau of the Public Debt seeks \$1,500,000 to reimburse the GAO for auditing the financial statements compiling the transactions and balances relating to the outstanding public debt.

*Non-Pay Inflation Adjustment +\$706,000 / +0 FTE*

Funds are requested for non-pay related items such as contracts, travel, supplies, equipment and GSA rent.

*Pay Annualization +\$1,135,000 / +0 FTE*

Funds are requested for the FY 2010 cost of the January 2009 pay raise.

*Pay Inflation Adjustment +\$2,495,000 / +0 FTE*

Funds are requested for the January 2010 pay raise.

**Program Decreases .....-\$1,734,000 / +0 FTE**

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

Due to the completion of the final major development, modernization and enhancement release, Public Debt projects a \$1,734,000 savings for the Government Agency Investment Services System (GAISS). Through consolidation, Public Debt will streamline the technology used for supporting this business line and standardize its internal control of processes common to all Government Agency Investment Services programs.

**Program Reinvestment .....+\$1,734,000 / +0 FTE**

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. The current model is at over 90 percent capacity and can no longer be upgraded. New disk storage is expected to cost approximately \$498,000 and will ensure continued disaster recovery capabilities for systems that support Public Debt's mission essential functions including but not limited to: payments to non-federal entities, intragovernmental payments and receipts, TreasuryDirect payments, and Daily Treasury Statement reporting.

Intrusion Detection and Security Infrastructure Refresh and Update +\$338,000 / +0 FTE

Aging technology requires Public Debt to replace and 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

Public Debt projects an increase in its mainframe processing capacity will be required in the near future. For several decades, Public Debt has successfully automated key components of its debt financing program — TreasuryDirect and TAAPS, the new auction system, are two excellent examples — that reflect a commitment to improvement through automation. As the number of transactions processed by the mainframe increases, so do operating software costs. With processing capacity needs growing at 6 percent annually, due to Retail Securities initiatives and GAIS system consolidation, a software upgrade to the mainframe is required.

Trusted Internet Connection Initiative +\$300,000 / +0 FTE

All internet and external connectivity must traverse a Trusted Internet Connection Access Provider (TICAP). As a result of demonstrated capability, and commitment to E-Commerce, E-Government and franchise related initiatives, Public Debt will submit a request to support two of the trusted internet connections within the Treasury TICAP. Public Debt will procure security devices and support at a cost of \$300,000 in order to meet 100 percent of the capabilities.



**Adjustments to Request User Fee .....-\$10,000,000 / +0 FTE**  
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.

## 2.2 – Operating Levels Table

| Bureau: Bureau of the Public Debt                 | FY 2008<br>Enacted | FY 2009<br>President's<br>Budget | Cong.<br>Action<br>including<br>Rescission | FY 2009<br>Enacted<br>Level | Proposed<br>Reprogra<br>mmings | FY 2009<br>Proposed<br>Operating<br>Level | FY 2010<br>Requested<br>Level | % Change<br>FY 2009 to<br>FY 2010 |
|---|--------------------|----------------------------------|--|-----------------------------|--------------------------------|---|-------------------------------|-----------------------------------|
| <b>FTE</b>  | 1,371              | 1,371                            | -  | 1,371                       | (329)                          | 1,042                                     | 1,042                         | 0.00%                             |
| <b>Object Classification:</b>                     |                    |                                  |  |                             |                                |   |                               |                                   |
| 11.1 Full-Time Permanent Positions.....           | \$79,716           | \$84,003                         | 216  | \$84,219                    | (20,369)                       | \$63,850                                  | 65,422                        | 2.46%                             |
| 11.3 Other than Full-Time Permanent Positions.... | 213                | 218                              | -  | \$218                       | 297                            | \$515                                     | 528                           | 2.52%                             |
| 11.5 Other Personnel Compensation.....            | 2,989              | 3,065                            | -  | \$3,065                     | (983)                          | \$2,082                                   | 2,133                         | 2.45%                             |
| 11.8 Special Personal Services Payments.....      | -                  | -                                | -  | \$0                         | 31,891                         | \$31,891                                  | 32,676                        | 2.46%                             |
| <b>11.9 Personnel Compensation (Total).....</b>   | <b>\$82,918</b>    | <b>\$87,286</b>                  | <b>216</b>                                 | <b>\$87,502</b>             | <b>10,836</b>                  | <b>\$98,338</b>                           | <b>\$100,759</b>              | <b>2.46%</b>                      |
| 12.0 Personnel Benefits.....                      | 22,522             | 24,453                           | 82   | 24,535                      | (6,064)                        | 18,471                                    | 19,680                        | 6.55%                             |
| 13.0 Benefits to Former Personnel.....            | 250                | 50                               | -  | 50                          | (20)                           | 30  | 40                            | 33.33%                            |
| 21.0 Travel.....                                  | 1,661              | 1,673                            | -  | 1,673                       | (373)                          | 1,300                                     | 1,338                         | 2.92%                             |
| 22.0 Transportation of Things.....                | 90                 | 91                               | -  | 91                          | (10)                           | 81  | 85                            | 4.94%                             |
| 23.1 Rental Payments to GSA.....                  | 6,762              | 7,262                            | -  | 7,262                       | 2,816                          | 10,078                                    | 10,705                        | 6.22%                             |
| 23.2 Rent Payments to Others.....                 | 2                  | 2                                | -  | 2                           | -                              | 2   | 2                             | 0.00%                             |
| 23.3 Communications, Utilities, & Misc.....       | 14,197             | 14,339                           | -  | 14,339                      | (3,802)                        | 10,537                                    | 10,502                        | -0.33%                            |
| 24.0 Printing and Reproduction.....               | 1,687              | 1,747                            | -  | 1,747                       | (297)                          | 1,450                                     | 1,573                         | 8.48%                             |
| 25.1 Advisory & Assistance Services.....          | 344                | 346                              | -  | 346                         | 2                              | 348                                       | 362                           | 4.02%                             |
| 25.2 Other Services.....                          | 29,037             | 26,249                           | -  | 26,249                      | 152                            | 26,401                                    | 27,490                        | 4.12%                             |
| 25.3 Purchase of Goods/Serv. from Govt. Accts...  | 10,376             | 10,448                           | -  | 10,448                      | 936                            | 11,384                                    | 11,853                        | 4.12%                             |
| 25.4 Operation & Maintenance of Facilities.....   | 868                | 874                              | -  | 874                         | 18                             | 892                                       | 929                           | 4.15%                             |
| 25.5 Research & Development Contracts.....        | -                  | -                                | -  | -                           | -                              | -   | -                             | -                                 |
| 25.6 Medical Care.....                            | 22                 | 22                               | -  | 22                          | -                              | 22  | 23                            | 4.55%                             |
| 25.7 Operation & Maintenance of Equipment.....    | 3,906              | 3,933                            | -  | 3,933                       | 6                              | 3,939                                     | 4,101                         | 4.11%                             |
| 25.8 Subsistence & Support of Persons.....        | -                  | -                                | -  | -                           | -                              | -   | -                             | -                                 |
| 26.0 Supplies and Materials.....                  | 2,255              | 2,263                            | -  | 2,263                       | (807)                          | 1,456                                     | 1,830                         | 25.69%                            |
| 31.0 Equipment.....                               | 5,752              | 5,792                            | -  | 5,792                       | (3,294)                        | 2,498                                     | 862                           | -65.49%                           |
| 32.0 Lands and Structures.....                    | 220                | 222                              | -  | 222                         | (99)                           | 123                                       | 108                           | -12.20%                           |
| 33.0 Investments & Loans.....                     | -                  | -                                | -  | -                           | -                              | -   | -                             | -                                 |
| 41.0 Grants, Subsidies.....                       | -                  | -                                | -  | -                           | -                              | -   | -                             | -                                 |
| 42.0 Insurance Claims & Indemn.....               | 2                  | 2                                | -  | 2                           | -                              | 2   | 2                             | 0.00%                             |
| 43.0 Interest and Dividends.....                  | -                  | -                                | -  | -                           | -                              | -   | -                             | -                                 |
| 44.0 Refunds.....                                 | -                  | -                                | -  | -                           | -                              | -   | -                             | -                                 |
| <b>Total Budget Authority.....</b>                | <b>\$182,871</b>   | <b>\$187,054</b>                 | <b>\$298</b>                               | <b>\$187,352</b>            | <b>\$0</b>                     | <b>\$187,352</b>                          | <b>\$192,244</b>              | <b>2.61%</b>                      |
| <b>Budget Activities:</b>                         |                    |                                  |  |                             |                                |   |                               |                                   |
| Wholesale Securities Services                     | \$23,828           | 21,047                           | 34   | 21,081                      | 2,357                          | 23,438                                    | \$24,492                      | 4.50%                             |
| Government Agency Investment Services             | 15,745             | 14,497                           | 24   | 14,521                      | 3,202                          | 17,723                                    | \$16,264                      | -8.23%                            |
| Retail Securities Services                        | 135,690            | 144,194                          | 229  | 144,423                     | (5,314)                        | 139,109                                   | \$142,645                     | 2.54%                             |
| Summary Debt Accounting                           | 7,608              | 7,316                            | 11   | 7,327                       | (245)                          | 7,082                                     | \$8,843                       | 24.87%                            |
| <b>Total Budget Authority.....</b>                | <b>\$182,871</b>   | <b>\$187,054</b>                 | <b>\$298</b>                               | <b>\$187,352</b>            | <b>\$0</b>                     | <b>\$187,352</b>                          | <b>\$192,244</b>              | <b>2.61%</b>                      |

## 2.3 – Appropriations Detail Table

Dollars in Thousands

| Resources Available for Obligation              | FY 2008      |                  | FY 2008      |                  | FY 2009      |                  | FY 2010      |                  | % Change              |               |
|---|--------------|------------------|--------------|------------------|--------------|------------------|--------------|------------------|-----------------------|---------------|
|   | Obligations  |                  | Enacted 1/   |                  | Enacted 1/   |                  | Baseline 1/  |                  | FY 2009<br>to FY 2010 |               |
|   | FTE          | AMOUNT           | FTE          | AMOUNT           | FTE          | AMOUNT           | FTE          | AMOUNT           | FTE                   | AMOUNT        |
| <b>New Appropriated Resources:</b>              |              |                  |              |                  |              |                  |              |                  |                       |               |
| Wholesale Securities Services                   | 158          | \$21,350         | 179          | \$23,828         | 130          | \$23,438         | 133          | \$24,492         | 2.31%                 | 4.50%         |
| Government Agency Investment Services           | 115          | 15,445           | 118          | 15,745           | 99           | 17,723           | 88           | \$16,264         | -11.11%               | -8.23%        |
| Retail Securities Services                      | 943          | 127,079          | 1,017        | 135,690          | 774          | 139,109          | 773          | \$142,645        | -0.13%                | 2.54%         |
| Summary Debt Accounting                         | 50           | 6,793            | 57           | 7,608            | 39           | 7,082            | 48           | \$8,843          | 23.08%                | 24.87%        |
| <b>Subtotal New Appropriated Resources</b>      | <b>1,266</b> | <b>\$170,667</b> | <b>1,371</b> | <b>\$182,871</b> | <b>1,042</b> | <b>\$187,352</b> | <b>1,042</b> | <b>\$192,244</b> | <b>0.00%</b>          | <b>2.61%</b>  |
| <b>Other Resources:</b>                         |              |                  |              |                  |              |                  |              |                  |                       |               |
| Offsetting Collections - Reimbursable           | 16           | 15,254           | 17           | 15,294           |              | 21,196           |              | 21,832           | 0.00%                 | 3.00%         |
| Available multi-year/no-year funds              |              | 3,612            |              | 4,512            |              | 2,972            |              |                  |                       |               |
| User Fees                                       |              | 9,733            |              |                  |              |                  |              |                  |                       |               |
| Recoveries                                      |              |                  |              | 70               |              | 11               |              |                  |                       |               |
| <b>Subtotal Other Resources</b>                 | <b>16</b>    | <b>\$28,599</b>  | <b>17</b>    | <b>\$19,876</b>  | <b>0</b>     | <b>\$24,179</b>  | <b>0</b>     | <b>\$21,832</b>  | <b>0.00%</b>          | <b>-9.71%</b> |
| <b>Total Resources Available for Obligation</b> | <b>1,282</b> | <b>\$199,266</b> | <b>1,388</b> | <b>\$202,747</b> | <b>1,042</b> | <b>\$211,531</b> | <b>1,042</b> | <b>\$214,076</b> | <b>0.00%</b>          | <b>1.20%</b>  |

1/ Subtotal New Appropriated Resources include \$10,000,000 in projected user fee collections.

## 2B – Appropriations Language and Explanation of Changes

| Appropriations Language  | Explanation of Changes |
|--|------------------------|
| <p style="text-align: center;">DEPARTMENT OF THE TREASURY<br/>BUREAU OF THE PUBLIC DEBT</p> <p style="text-align: center;">Federal Funds</p> <p>Administering the Public Debt<br/>For necessary expenses connected with any public-debt issues of the United States, [<del>\$187,352,000</del>]<del>\$192,244,000</del>, of which not to exceed \$2,500 shall be available for official reception and representation expenses, and of which not to exceed \$2,000,000 shall remain available until September 30, [<del>2011</del>]<del>2012</del>, for systems modernization: <i>Provided</i>, That the sum appropriated herein from the general fund for fiscal year [<del>2009</del>]<del>2010</del> shall be reduced by not more than \$10,000,000 as definitive security issue fees and Legacy Treasury Direct Investor Account Maintenance fees are collected, so as to result in a final fiscal year [<del>2009</del>]<del>2010</del> appropriation from the general fund estimated at [<del>\$177,352,000</del>]<del>\$182,244,000</del>. In addition, \$90,000 to be derived from the Oil Spill Liability Trust Fund to reimburse the Bureau for administrative and personnel expenses for financial management of the Fund, as authorized by section 1012 of Public Law 101-380. [<i>Omnibus Appropriations Act, 2009.</i>]</p> |                        |

## **2B – Permanent, Indefinite Appropriations**

### **Reimbursements to the Federal Reserve Banks**

Public Law 101-509, 104 Stat. 1389, 1394 (1990), established a permanent indefinite appropriation to pay such sums as necessary to reimburse the Federal Reserve Banks for acting as fiscal agents. A permanent indefinite account was established in FY 1992. Claims for reimbursements are closely monitored for compliance with the Instructions for Filing Reimbursement Claims for Fiscal Agency Services Provided to the Bureau of the Public Debt (current edition). Funding for FY 2010 is estimated at \$141,814,000.

### **Government Losses in Shipment**

Public Law 103-329 established a permanent indefinite appropriation to pay such sums as necessary to make payments for the replacement of valuables, or the value thereof, lost, destroyed, or damaged in the course of United States government shipments. The Government Losses in Shipment Act was approved July 8, 1937, to dispense with the necessity for insurance by the government against loss or damage to valuables in shipment and for other purposes. The Act was amended in 1943 to cover losses resulting from the redemption of savings bonds (for example, stolen bonds which were fraudulently negotiated even though the paying agent followed identification guidelines established by the Treasury). All authority of the Treasury under the Act has been delegated to the Commissioner of the Bureau of the Public Debt. In FY 2010, the funding estimated to support payments for the replacement of valuables is \$500,000.

## **2C – Legislative Proposals**

Public Debt has no legislative proposals for FY 2010.

## Section 3 – Budget and Performance Plan

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This table lists all FY 2010 resources by strategic goal, objective and outcome outlined in the FY 2007-2012 Treasury Department Strategic Plan. The Treasury Strategic Plan is a corporate level plan for the Department that provides a description of what the agency intends to accomplish over the next five years.

For detailed information about the FY 2007-2012 Treasury Strategic Plan, please go to: <http://www.treas.gov/offices/management/budget/strategic-plan/>

### 3.1 – Budget by Strategic Outcome

Dollars in Thousands

| Treasury Strategic Outcome | FY 2009<br>Enacted | FY 2010<br>Request | Percent<br>Change |
|----------------------------|--------------------|--------------------|-------------------|
| Government financing       | 200,665            | 204,229            | 1.8%              |
| Financial information      | 7,883              | 9,847              | 24.9%             |
| <b>Total</b>               | <b>\$208,548</b>   | <b>\$214,076</b>   | <b>2.7%</b>       |

Note: Totals for each year include \$10,000,000 in projected user fee collections.

**3A – Wholesale Securities Services** (\$24,492,000 from direct appropriations and \$2,781,000 from reimbursable programs): The Wholesale Securities Services program provides for the announcement, auction, issuance and settlement of marketable Treasury bills, notes, bonds and TIPS. It also provides an efficient infrastructure for the transfer, custody and redemption of these securities. Large market participants buy most of Treasury’s marketable securities at auction. In FY 2008, Public Debt conducted more than 200 marketable securities auctions resulting in the issuance of more than \$5 trillion in securities.

Public Debt began supporting Treasury on the Supplementary Financing Program (SFP) in September, 2008. Designed to support Federal Reserve initiatives to address liquidity pressures in the financial market, the program consists of a series of Treasury bills, apart from Treasury's current borrowing program, which provide cash for these Federal Reserve initiatives. Public Debt conducted nine SFP auctions totaling \$345 billion over a two-week period in FY 2008.

Treasury’s commercial book-entry system holds approximately \$4.3 trillion, or 98 percent, of Treasury marketable securities. Treasury uses this system to issue most of its marketable debt, make principal and interest payments and support the active secondary market in Treasury securities. It is estimated that about \$1.4 trillion per day in Treasury securities are transferred among account holders in the commercial book-entry system.

This activity directly supports the Department of the Treasury’s strategic outcome of financing the government at the lowest possible cost over time. To help meet this outcome, Public Debt evaluates its business processes looking for ways to improve and strengthen contingency plans, guarantee operational readiness and enhance reporting capabilities. The bureau will also educate current and potential investors about Treasury’s debt financing policies, the auction process and its securities.

Public Debt also has the responsibility of regulating the government securities market. Public Debt administers Treasury's regulations that provide investor protection and maintain the integrity, liquidity and efficiency in the government securities market under the Government Securities Act of 1986, as amended. Public Debt also administers the rules for Treasury's securities auctions and buybacks and prescribes provisions for Treasury's Fiscal Service collateral programs, including collateral eligibility and valuation. Fiscal Service collateral programs ensure that government funds on deposit or invested at commercial banks are secured.

*Other Resources:*

Reimbursements totaling \$2,781,000 are allocated to this program for providing administrative support to Public Debt's franchise operation.

### 3.2.1 – Wholesale Securities Services Budget and Performance Plan

| Wholesale Securities Services Budget Activity |                      |                      |                      |                    |                    |
|---|----------------------|----------------------|----------------------|--------------------|--------------------|
| Resource Level                                | FY 2006<br>Obligated | FY 2007<br>Obligated | FY 2008<br>Obligated | FY 2009<br>Enacted | FY 2010<br>Request |
| Appropriated Resources                        | \$17,987             | \$19,475             | \$21,350             | \$23,438           | \$24,492           |
| Reimbursable Resources                        | \$1,594              | \$1,301              | \$1,494              | \$2,652            | \$2,781            |
| <b>Total Resources</b>                        | <b>\$19,581</b>      | <b>\$20,776</b>      | <b>\$22,844</b>      | <b>\$26,090</b>    | <b>\$27,273</b>    |
| <b>Budget Activity Total</b>                  |                      |                      |                      |                    |                    |
|   | <b>\$19,581</b>      | <b>\$20,776</b>      | <b>\$22,844</b>      | <b>\$26,090</b>    | <b>\$27,273</b>    |

| Wholesale Securities Services Budget Activity  |                   |                   |                   |                   |                   |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|
| Measure  | FY 2006<br>Actual | FY 2007<br>Actual | FY 2008<br>Actual | FY 2009<br>Target | FY 2010<br>Target |
| Cost per debt financing operation (\$) (E)   | 148,926           | 235,172           | 220,732           | 256,336           | 254,272           |
| Percent of auction results released in two minutes +/- 30 seconds (%) (Oe)   | 100               | 99                | 100               | 95                | 95                |
| Percent of primary dealers that are able to participate in a live auction from their disaster recovery site (%) (Ot) | N/A               | N/A               | N/A               | 10                | 40                |

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

*Description of Performance:* Public Debt tracks the cost per debt financing operation. Since Public Debt implemented a new auction system in FY 2008, administrative costs have reduced. In addition, due to the increased demand to meet the new government initiatives, the number of auctions has increased. Both combine for lower costs. The cost per debt financing operation is estimated at \$256,336 in FY 2009 and \$254,272 in FY 2010.

In FY 2008, Public Debt surpassed its efficiency target of releasing auction results within two minutes, plus or minus 30 seconds, 95 percent of the time.

In FY 2009, Public Debt will begin reporting on a new performance measure, percent of primary dealers that are able to participate in a live auction from their disaster recovery site. To date, Public Debt has discussed and received buy-in with all primary dealers on a strategic plan for business continuity. The plan outlines various operational tests and events that will strengthen overall readiness to deal with contingencies and ensure the continuity of the auction process.

Public Debt is on target for 10 percent of all primary dealers having demonstrated their readiness by 2009, 40 percent in 2010, 60 percent in 2011 and 90 percent by 2012.

**3B – Government Agency Investment Services** (*\$16,264,000 from direct appropriations and \$1,847,000 from reimbursable programs*): The Government Agency Investment Services (GAIS) program supports federal, state and local government agency investments in non-marketable Treasury securities as well as federal agency borrowing from Treasury.

Public Debt offers two major non-marketable special purpose investment programs to government agencies. Government Account Series (GAS) securities are issued only to federal agencies with statutory investment authority. 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. These additional functions include processing receipts into and transfers out of the funds to the related federal program agencies for the purpose of administering the underlying programs that are supported by the trust funds. Some of the more recognizable federal trust funds are the four Social Security and Medicare Funds, as well as the Unemployment and Highway Trust Funds. With more than \$4 trillion in investments, federal government and other entities' holdings of GAS securities make up nearly 40 percent of the public debt outstanding.

State and Local Government Series (SLGS) securities are issued to state and local government entities across the nation. At nearly \$260 billion outstanding, the SLGS program is important to over 6,300 state and local government entities that use these securities to help comply with provisions of the Internal Revenue Code.

Public Debt also accounts for and reports on the principal borrowings from and repayments to Treasury for approximately 80 funds managed by other federal agencies, as well as the related interest due to Treasury. These agencies are statutorily authorized to borrow from Treasury to make loans for a broad range of purposes, such as education, housing, farming and small business support. The funds hold about \$250 billion in loans and loan guarantees.

Public Debt's services in this activity directly help customers produce timely and accurate financial information that contributes to the reliability and usefulness of the government-wide financial statements. Instant access to account information has significantly simplified reconciliation and audit confirmation efforts across the country and assisted SLGS purchasers in complying with Internal Revenue Service requirements related to the issuance of tax-exempt securities.

*Other Resources:*

Reimbursements totaling \$1,847,000 are allocated to this program for providing administrative support to Public Debt's franchise operation.

### 3.2.2 – Government Agency Investment Services Budget and Performance Plan

| Government Agency Investment Services Budget Activity |                      |                      |                      |                    |                    |
|---|----------------------|----------------------|----------------------|--------------------|--------------------|
| Resource Level  | FY 2006<br>Obligated | FY 2007<br>Obligated | FY 2008<br>Obligated | FY 2009<br>Enacted | FY 2010<br>Request |
| Appropriated Resources                                | \$14,599             | \$13,903             | \$15,445             | \$17,723           | \$16,264           |
| Reimbursable Resources                                | \$3,418              | \$3,170              | \$4,279              | \$2,005            | \$1,847            |
| <b>Total Resources</b>                                | <b>\$18,017</b>      | <b>\$17,073</b>      | <b>\$19,724</b>      | <b>\$19,728</b>    | <b>\$18,111</b>    |
| <b>Budget Activity Total</b>                          |                      |                      |                      |                    |                    |
|   | <b>\$18,017</b>      | <b>\$17,073</b>      | <b>\$19,724</b>      | <b>\$19,728</b>    | <b>\$18,111</b>    |

| Government Agency Investment Services Budget Activity                               |                   |                   |                   |                   |                   |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|
| Measure   | FY 2006<br>Actual | FY 2007<br>Actual | FY 2008<br>Actual | FY 2009<br>Target | FY 2010<br>Target |
| Number of Government Agency Investment Services control processes consolidated (Oe) | N/A               | 3                 | 2                 | 0                 | 5                 |
| Cost per federal funds investment transaction (\$) (E)                              | 62.64             | 68.53             | 64.98             | 69.11             | 54.69             |

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

*Description of Performance:* Public Debt established a long-term goal to reduce the number of systems used to support GAIS. Through systems reduction, Public Debt will streamline the diversity of technology involved in supporting this business line. Additionally, this effort will allow the bureau to consolidate and standardize the internal controls over processes common to all GAIS programs. The control environment originally consisted of 18 processes in 2006 that will be transformed into six standardized processes by FY 2012. Consolidating the systems that house GAIS data into a single, integrated control environment will provide one location for all investment activities. This will reduce operational risks, while standardizing system, business and data elements. In the beginning of FY 2008, the number of common processes was 15. In FY 2008, Public Debt reduced the number of common processes from 15 to 13. In FY 2009 system development will continue, but the number of processes will remain the same. In FY 2010, five common processes will be consolidated leaving eight processes at the end of the fiscal year.

In the GAIS budget activity, Public Debt has an efficiency measure to track the cost per federal funds investment transaction. Federal investments are special purpose securities issued only to federal agencies that manage trust, deposit and other special funds. Public Debt handles issuing, paying interest on and redeeming the securities held by each fund, as well as handling all of the debt-related accounting and reporting for the securities on the consolidated financial statement of the federal government. Reduced system development costs coupled with increased volumes result in lower costs. Public Debt projects the cost per federal funds investment transaction to be \$69.11 for FY 2009 and \$54.69 for FY 2010.



**3C – Retail Securities Services** (*\$142,645,000 from direct appropriations, including \$10,000,000 from user fee collections and \$16,200,000 from offsetting collections and reimbursable programs*): Public Debt’s Retail Securities program 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.

Public Debt will position Treasury to eliminate new issues of paper savings bonds. While there has been no date set for withdrawing paper bonds from sale, the efforts Public Debt will undertake are designed to move investors to TreasuryDirect as their preferred way of buying and holding savings bonds. In FY 2010, Public Debt will simplify the process in TreasuryDirect to buy electronic savings bonds as gifts. Given the traditional appeal of buying savings bonds as gifts, this will be a significant step in moving customers to the system. Other efforts to transition customers will be educational in nature, such as financial literacy programs that target customers not yet accustomed to conducting financial transactions online.

In FY 2010, the retail 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 (TRES) customer service environment. TRES will encourage self-service to the greatest extent possible by allowing customers online access to their own information, much like TreasuryDirect. In the new environment, all Public Debt and Federal Reserve Bank servicing sites will share common systems, databases and a call-center platform. TRES will increase efficiency by making prior transaction history available to customer service representatives, reducing the need for follow-up calls. No matter where customers live or which site receives their requests, they will receive the same high-quality service.

*Other Resources:*

Offsetting collections totaling \$10,000,000 are collected for Legacy Treasury Direct Investor Account maintenance fees. In addition, \$16,200,000 in reimbursements are allocated to this program for providing administrative support to Public Debt’s franchise operation.

### 3.2.3 – Retail Securities Services Budget and Performance Plan

| Retail Securities Services Budget Activity |                      |                      |                      |                    |                    |
|--|----------------------|----------------------|----------------------|--------------------|--------------------|
| Resource Level                             | FY 2006<br>Obligated | FY 2007<br>Obligated | FY 2008<br>Obligated | FY 2009<br>Enacted | FY 2010<br>Request |
| Appropriated Resources                     | \$132,939            | \$133,425            | \$127,079            | \$139,109          | \$142,645          |
| Reimbursable Resources                     | \$11,873             | \$9,047              | \$9,006              | \$15,738           | \$16,200           |
| <b>Total Resources</b>                     | <b>\$144,812</b>     | <b>\$142,472</b>     | <b>\$136,085</b>     | <b>\$154,847</b>   | <b>\$158,845</b>   |

|                              |                  |                  |                  |                  |                  |
|------------------------------|------------------|------------------|------------------|------------------|------------------|
| <b>Budget Activity Total</b> | <b>\$144,812</b> | <b>\$142,472</b> | <b>\$136,085</b> | <b>\$154,847</b> | <b>\$158,845</b> |
|------------------------------|------------------|------------------|------------------|------------------|------------------|

| Retail Securities Services Budget Activity  |                   |                   |                   |                   |                   |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|
| Measure   | FY 2006<br>Actual | FY 2007<br>Actual | FY 2008<br>Actual | FY 2009<br>Target | FY 2010<br>Target |
| Cost per TreasuryDirect assisted transaction (\$) (E)   | 4.97              | 6.65              | 8.19              | 9.34              | 9.64              |
| Cost per TreasuryDirect Online transaction (\$) (E)   | 3.06              | 3.24              | 4.34              | 4.34              | 4.98              |
| Percentage of retail customer service transactions completed within 11 business days (%) (Ot) | 98.00             | 99.43             | 99.86             | 90.00             | Discontinued      |
| Percent of retail customer service transactions completed within 5 business days (%) (Ot)     | N/A               | N/A               | N/A               | Baseline          | TBD               |

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

*Description of Performance:* Public Debt has three performance measures for Retail Securities Services that include two efficiency measures and one output measure.

The first efficiency measure is the cost per TreasuryDirect assisted transaction. Although TreasuryDirect promotes self-sufficiency, there are times when assistance from a customer service representative is necessary. Representatives handle phone and email inquiries, offline authentication forms processing, conversions, changes in bank information and transactions requiring legal evidence. Public Debt projects unit costs of \$9.34 in FY 2009 and \$9.64 in FY 2010. While workload should remain steady or increase slightly, it is sensitive to changes in market rates. When market rates are low, TreasuryDirect accounts are not likely to grow at the pace seen in prior years. Cost increases reflect additional direct and support costs to handle a continuing increase in more complex work.

The second efficiency measure is the cost per TreasuryDirect online transaction. With TreasuryDirect, investors set up accounts, purchase electronic securities and manage their holdings. Since investors have this self-service capability, Public Debt tracks the cost of online transactions, including establishing accounts, purchasing and redeeming securities and changing account information online. Public Debt projects unit costs of \$4.34 in FY 2009 and \$4.98 in FY 2010 since workload is sensitive to changes in market rates. When market rates are low, TreasuryDirect accounts are not likely to grow at the pace seen in prior years. Workload is expected to remain steady, while costs to operate the TreasuryDirect system should remain relatively constant.

The third measure includes the timeliness of processing retail customer service transactions, including answering phone and email inquiries, processing payments or changes to payment

instructions and handling TreasuryDirect assisted transactions. In FY 2008, Public Debt completed more than 99 percent of retail customer service transactions within 12 business days, surpassing its target of 90 percent. In FY 2009, Public Debt reached the culmination of its long-term goal established in FY 2004 when it reduced the targeted timeframe to 11 business days. To further expedite service delivery, Public Debt will work to complete a progressively higher percent of retail customer service transactions within five business days from FY 2010 to FY 2014. Efficiencies gained from improved work processes and an increase in electronic transactions will allow Public Debt to meet these goals.

**3D – Summary Debt Accounting** (*\$8,843,000 from direct appropriations and \$1,004,000 from reimbursable programs*): The Summary Debt Accounting program is key to meeting our responsibility to account for the more than \$10 trillion of public debt and approximately \$450 billion in related annual interest expenses. This program provides the overarching control structure for numerous subsidiary securities systems and reconciles more than \$85 trillion of securities transactions and related cash flows handled by these subsystems annually. These cash flows represent funds received from the sale of securities and funds disbursed as interest and principal payments.

The program produces daily reports on the balances and composition of the public debt, the *Monthly Statement of the Public Debt*, and the annual, audited *Schedules of the Federal Debt*, which report on the single largest liability in the annual *Financial Report of the United States Government*.

Public Debt is committed to maintaining excellent accounting controls to ensure the integrity of operations and the accuracy of information provided to the public. The strength of its accounting controls is reflected in the unqualified audit opinions Public Debt has consistently received on the *Schedules of the Federal Debt*.

The current system that accounts for the public debt of the United States, while still sound, presents challenges of managing an aging architecture, does not fit well within Public Debt's enterprise architecture roadmap and does not accommodate rapid change.

After determining the need to replace the current system, Public Debt has decided to seek an existing shared-service solution to which it can migrate the summary debt accounting data. This approach will offer many benefits in terms of a faster migration and reduced operational risks. Before implementing the desired technology solution however, Public Debt will engage in a thorough reengineering of the business processes to best support Summary Debt Accounting needs in the future. Public Debt expects this effort will redefine many reporting requirements, responsibilities and informational needs. Public Debt also expects to produce more consistent processes, drive improvements in the subsidiary reporting systems and ultimately create greater efficiency within its debt accounting programs at the summary and subsidiary levels.

*Other Resources:*

Reimbursements totaling \$1,004,000 are allocated to this program for providing administrative support to Public Debt's franchise operation.

### 3.2.4 – Summary Debt Accounting Budget and Performance Plan

| Summary Debt Accounting Budget Activity |                      |                      |                      |                    |                    |
|---|----------------------|----------------------|----------------------|--------------------|--------------------|
| Resource Level                          | FY 2006<br>Obligated | FY 2007<br>Obligated | FY 2008<br>Obligated | FY 2009<br>Enacted | FY 2010<br>Request |
| Appropriated Resources                  | \$6,431              | \$6,769              | \$6,793              | \$7,082            | \$8,843            |
| Reimbursable Resources                  | \$570                | \$452                | \$475                | \$801              | \$1,004            |
| <b>Total Resources</b>                  | <b>\$7,001</b>       | <b>\$7,221</b>       | <b>\$7,268</b>       | <b>\$7,883</b>     | <b>\$9,847</b>     |

|                              |                |                |                |                |                |
|------------------------------|----------------|----------------|----------------|----------------|----------------|
| <b>Budget Activity Total</b> | <b>\$7,001</b> | <b>\$7,221</b> | <b>\$7,268</b> | <b>\$7,883</b> | <b>\$9,847</b> |
|------------------------------|----------------|----------------|----------------|----------------|----------------|

| Summary Debt Accounting Budget Activity   |                   |                   |                   |                   |                   |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|
| Measure   | FY 2006<br>Actual | FY 2007<br>Actual | FY 2008<br>Actual | FY 2009<br>Target | FY 2010<br>Target |
| Cost per summary debt accounting transaction (\$) (E)                                     | 10.96             | 9.29              | 9.11              | 10.01             | 12.28             |
| Percent of Summary Debt Accounting business processes restructured or eliminated (%) (Oe) | N/A               | N/A               | N/A               | N/A               | 6.00              |

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

*Description of Performance:* Public Debt has an efficiency measure to track the cost per transaction of performing summary debt accounting, which includes reporting all financial activity related to the public debt of the United States. Issues, redemptions and interest payments on the public debt must be accounted for to calculate the amount of debt outstanding and interest paid. Public Debt projects the cost per summary debt accounting transaction to be \$10.01 in FY 2009 and \$12.28 in FY 2010. The projected cost per summary debt accounting transaction increases as a result of inflation, transaction volumes that are projected to remain constant and statutory requirements in FY 2010 to reimburse GAO for the *Schedules of the Federal Debt* audit.

Also beginning in FY 2010, Public Debt will implement a new performance measure directly related to its goal of migrating Summary Debt Accounting to a shared service solution by FY 2013. The measure, Percent of Summary Debt Accounting business processes restructured or eliminated, will have a FY 2010 target of 6 percent.

For detailed information about each performance measure, including definition, verification and validation, please go to: <http://www.treasury.gov/offices/management/dcfo/accountability-reports/>

## Section 4 – Supporting Materials

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### 4A – Human Capital Strategy Description

Public Debt's strategic management of human capital is consistent with its mission, vision and priorities and supports not only the President's Management Agenda, but also Treasury's strategic goals of *Effectively Managed U.S. Government Finances* and *Management and Organizational Excellence*.

A prime component of Public Debt's human capital strategy is operating as a values-based organization. Public Debt is known in the local and surrounding communities as a values-based organization where candidates want to work and employees want to stay. Public Debt's recognition of the need for a balanced family and work life makes it an attractive employer. In fact, according to the report, *Best Places to Work in the Federal Government 2007*, Public Debt is ranked in the top 11 percent of federal agencies. This ranking is based on results from the Office of Personnel Management's 2006 Human Capital Survey.

Public Debt has developed a comprehensive recruitment program to attract candidates with the necessary competencies to minimize skill gaps. As a part of its program, Public Debt attends several career fairs each year and solicits applications through diversity specific magazines and websites to identify and hire a talented and diverse workforce. Extensive work is done with management before and during the recruitment process to identify staffing needs and pinpoint the particular characteristics and skills necessary for Public Debt to succeed.

Public Debt relies on a full range of staffing and compensation authorities and flexibilities to recruit and retain high quality candidates. These flexibilities allow the bureau to secure talented candidates with the necessary skills to accomplish the mission. Specifically, Public Debt uses recruitment and retention incentives, superior qualifications appointments and student loan repayments to hire and retain quality candidates. The bureau has also been successful using special employment programs that provide a source of highly qualified applicants: Veterans' Recruitment Act, Federal Career Intern Program and Student Career Experience Program.

Succession planning is another important part of Public Debt's human capital strategy. Public Debt is very successful in filling senior-level positions internally. This success can be attributed, in part, to leadership development programs and knowledge transfer techniques. To cultivate leadership and management skills, Public Debt uses programs such as Senior Executive Service (SES) Candidate Development and Supervisory Excellence, a training course required of all new supervisors within the first year of selection.

Of Public Debt's GS-13 level and above workforce, 38 percent are eligible to retire by December 31, 2013. At the SES level, however, the retirement eligible rate is 62 percent. To offset the future losses in the executive ranks, Public Debt has recently selected 11 candidates to participate in the SES Candidate Development program.

Public Debt fosters a learning culture that provides employees at all levels with opportunities for continuous development. Management invests in education, training and other developmental

opportunities to help employees build mission-critical competencies, both leadership and technical, benefiting the bureau.

The readiness of the bureau's workforce, including its mission critical occupations of Customer Service Specialist, Accountant and Financial Systems Analyst, is determined through skills gap assessments. These assessments determine training needs that will keep employee skills current and develop future training opportunities to prevent gaps. Training programs ensure that Public Debt employees are among the best trained in the government and remain abreast of new technologies affecting their work.

## 4.1 – Summary of IT Resources Table

Dollars in Thousands

| Information Technology Investments                                 |                                       | FY 2006         | FY 2007         |                            | FY 2008         |                            | FY 2009         |                            | FY 2010         |                            |
|--|---------------------------------------|-----------------|-----------------|----------------------------|-----------------|----------------------------|-----------------|----------------------------|-----------------|----------------------------|
| Major IT Investments / Funding Source                              | Budget Activity                       | Enacted         | Enacted         | % Change from FY06 to FY07 | Likely Enacted  | % Change from FY07 to FY08 | Requested       | % Change from FY08 to FY09 | Requested       | % Change from FY09 to FY10 |
| Government Agency Investment Services System (GAISS) <sup>1/</sup> | Government Agency Investment Services | \$0             | \$4,447         | 0.0%                       | \$4,511         | 1.4%                       | \$5,493         | 21.8%                      | \$3,759         | -31.6%                     |
| Public Debt Accounting and Reporting System (PARS)                 | Summary Debt Accounting               | \$2,038         | \$1,914         | -6.1%                      | \$1,971         | 3.0%                       | \$2,030         | 3.0%                       | \$2,091         | 3.0%                       |
| SaBRe  | Retail Securities Services            | \$4,344         | \$4,873         | 12.2%                      | \$4,640         | -4.8%                      | \$4,795         | 3.3%                       | \$4,957         | 3.4%                       |
| Treasury Automated Auction Processing System (TAAPS)               | Wholesale Securities Services         | \$44,900        | \$47,080        | 4.9%                       | \$31,623        | -32.8%                     | \$32,024        | 1.3%                       | \$34,663        | 8.2%                       |
| Subtotal: TAAPS Appropriated Funding                               |                                       | \$2,996         | \$10,570        | 252.8%                     | \$11,332        | 7.2%                       | \$11,783        | 4.0%                       | \$12,252        | 4.0%                       |
| Subtotal: TAAPS Permanent Indefinite Funding                       |                                       | \$41,904        | \$36,510        | -12.9%                     | \$20,291        | -44.4%                     | \$20,241        | -0.2%                      | \$22,411        | 10.7%                      |
| TreasuryDirect/3   | Retail Securities Services            | \$5,013         | \$5,191         | 3.6%                       | \$7,640         | 47.2%                      | \$5,679         | -25.7%                     | \$5,887         | 3.7%                       |
| Subtotal: TreasuryDirect Appropriated Funding                      |                                       | \$5,013         | \$5,191         | 3.6%                       | \$5,389         | 3.8%                       | \$5,579         | 3.5%                       | \$5,787         | 3.7%                       |
| Subtotal: TreasuryDirect Permanent Indefinite Funding              |                                       | \$0             | \$0             | 0.0%                       | \$2,251         | 0.0%                       | \$100           | -95.6%                     | \$100           | 0.0%                       |
| <b>Subtotal, Major IT Investments</b>                              |                                       | <b>\$56,295</b> | <b>\$63,505</b> | <b>12.8%</b>               | <b>\$50,385</b> | <b>-20.7%</b>              | <b>\$50,021</b> | <b>-0.7%</b>               | <b>\$51,357</b> | <b>2.7%</b>                |
| <b>Non-Major IT Investments</b>                                    |                                       | <b>\$9,456</b>  | <b>\$9,581</b>  | <b>1.3%</b>                | <b>\$9,793</b>  | <b>2.2%</b>                | <b>\$10,008</b> | <b>2.2%</b>                | <b>\$10,104</b> | <b>1.0%</b>                |
| <b>Infrastructure Investments</b>                                  |                                       | <b>\$24,563</b> | <b>\$15,553</b> | <b>-36.7%</b>              | <b>\$15,895</b> | <b>2.2%</b>                | <b>\$16,375</b> | <b>3.0%</b>                | <b>\$16,984</b> | <b>3.7%</b>                |
| <b>Enterprise Architecture</b>                                     |                                       | <b>\$200</b>    | <b>\$321</b>    | <b>60.5%</b>               | <b>\$342</b>    | <b>6.5%</b>                | <b>\$352</b>    | <b>2.9%</b>                | <b>\$361</b>    | <b>2.6%</b>                |
| <b>Total IT Investments</b>  |                                       | <b>\$90,514</b> | <b>\$88,960</b> | <b>-1.7%</b>               | <b>\$76,415</b> | <b>-14.1%</b>              | <b>\$76,756</b> | <b>0.4%</b>                | <b>\$78,806</b> | <b>2.7%</b>                |

<sup>1/</sup> SPSS and InvestOne merged into GAISS beginning FY07.

<sup>2/</sup> Oracle e-Business Suites is self-funded.

<sup>3/</sup> TreasuryDirect Verification Services

#### **4B – Information Technology Strategy**

The Bureau of the Public Debt is responsible for the auctioning, issuing and accounting for the debt of the federal government. In order to ensure the success of this mission at the lowest cost to the taxpayer, the bureau has implemented and currently operates secure efficient IT investment systems that safely process a wide range of corporate and customer transactions.

Public Debt will strengthen the protection of its systems and data while continuing to accomplish our mission. Achieving this requires integrating strategic business objectives with security technology. Public Debt provides effective enterprise solutions to protect systems and data against fraud, identity theft and other cyber-crimes. Areas of focus include E-Commerce, desktop security, mobile data devices, data encryption, identification and authentication controls and continuity of operations.

Public Debt's Capital Planning and Investment Control program is a disciplined, integrated process that addresses system prioritization of new and existing IT investments, risk management, long-range planning, business objectives, alternative analysis and governance. Public Debt's quarterly enterprise architecture reviews ensure alignment of its IT investments to the strategic enterprise direction of Treasury and identify potential duplication of systems.

By tracking and reporting the progress of each investment and the performance measures achieved each quarter, Public Debt ensures its IT system portfolio is well managed, cost effective and supports the strategic goal of *Effectively Managed U.S. Government Finances*. IT investments are monitored for cost, schedule and performance variances. Investments exceeding the tolerance are placed under a corrective action plan and monitored. Through Public Debt's management of its IT system portfolio, the government's critical financing needs are met while maintaining the integrity of primary and secondary markets for Treasury securities. Public Debt's IT system portfolio is comprised of certified and accredited applications, ensuring financially secure E-Government systems.

A new automated system to process Treasury auctions was implemented in FY 2008. This IT investment is the epitome of IT system efficiencies and was designed to fully automate the announcement, auction and issuance of Treasury marketable debt. The Treasury Automated Auction Processing System brings significant improvements to the auction process such as flexibility to accommodate new policy or process needs within a three- to six-month timeframe, greater speed and efficiency in conducting real-time calculations and delivering the auction results to the public within two minutes of an auction close. The shorter, consistent release of auction results reduces the time auction bidders are exposed to the risk of adverse market movements, thereby reducing the cost of borrowing for Treasury.

The TreasuryDirect system is another example of Public Debt ensuring its IT system portfolio is well managed, cost effective, and critical to the achievement of the strategic



goals and business objectives. TreasuryDirect is an internet-accessed system that offers all retail Treasury securities available to the public at one convenient location. The system is designed to maximize customer self-sufficiency and minimize off-line transaction processing by customer service personnel. By enabling investors to manage their Treasury securities holdings online, Public Debt better serves retail customers and, at the same time, manages resources more efficiently. The TreasuryDirect system continues to be enhanced using Rapid Application Development techniques that give the program manager the flexibility to quickly incorporate new functionality into the system.

## 4.2 – Program Assessment Table

**Program Name:** Administering the Public Debt

### OMB Major Findings/Recommendations

1. The Bureau of the Public Debt has a clear purpose and is well designed and managed.
2. The program meets its annual performance goals and continues to improve targets for subsequent fiscal years.
3. The Bureau of the Public Debt identifies new long-term goals to improve efficiency and effectiveness.

### Bureau Actions Planned or Underway

1. By FY 2010, complete 90 percent of retail customer service transactions in 10 business days.
2. By 2012, 90% of Primary Dealers demonstrate the ability to participate in a live auction from their disaster recovery sites.
3. Consolidate Government Agency Investment Services into a single, integrated control environment by FY 2012.
4. Migrate Summary Debt Accounting to a shared service solution by FY 2013.
5. By FY 2014, significantly improve the number of retail customer service transactions completed within 5 business days.

For a complete list of program results visit the following website:

<http://www.whitehouse.gov/omb/expectmore/all.html>