

## Departmental Offices

---

### Mission Statement

The Departmental Offices mission is to serve the American people and strengthen America's national security by managing the U.S. Government's finances effectively, promoting economic growth and stability, and ensuring the safety, soundness, and security of the global financial system.

### Program Summary by Budget Activity

Dollars in Thousands

Appropriation	FY 2008	FY 2009		FY 2010		
	Enacted	ARRA 1/	Enacted	Request	\$ Change	% Change
Executive Direction	\$20,749	\$0	\$21,619	\$22,383	\$764	3.53%
Economic Policies and Programs	\$44,242	\$0	\$45,910	\$44,749	(\$1,161)	-2.53%
Financial Policies and Programs	\$29,465	\$1,000	\$36,038	\$47,580	\$11,542	32.03%
Terrorism and Financial Intelligence	\$56,775	\$0	\$62,098	\$64,611	\$2,512	4.05%
Treasury-wide Management and Programs	\$18,505	\$130,000	\$21,600	\$22,779	\$1,179	5.46%
Administration Programs	\$78,624	\$0	\$91,604	\$100,286	\$8,682	9.48%
<b>Total Appropriated Resources</b>	<b>\$248,360</b>	<b>\$131,000</b>	<b>\$278,870</b>	<b>\$302,388</b>	<b>\$23,518</b>	<b>8.43%</b>
<b>Total FTE</b>	<b>1,133</b>	<b>892</b>	<b>1,204</b>	<b>1,266</b>	<b>62</b>	<b>5.19%</b>

1/ ARRA funding includes \$123 Million for IRS and \$7 Million for FMS. FTE level reflects peak in FY 2010.

### FY 2010 Priorities

The FY 2010 budget request supports the Departmental Offices (DO) leading role in accomplishing key Departmental priorities:

- U.S. and World Economies Perform at Full Economic Potential*** – The Departmental Offices will maintain America's strength and prosperity by developing and implementing policies that encourage economic growth, protect key financial infrastructure, and ensure sound and secure investment in the U.S. economy. In support of this priority, DO will increase both staff and analytical resources for the Office of Domestic Finance, particularly in the areas of housing finance, small business and capital markets.
- Effectively Managed U.S. Government Finances*** – The Departmental Offices will dedicate significant resources to increase staffing in the Office of Tax Policy in order to improve technical analysis, economic forecasting, and policy guidance on issues relating to Federal tax policy. The Departmental Offices will also continue implementing more efficient and refined debt management tools to produce taxpayer savings.

- ***Prevent Terrorism and Promote the Nation's Security Through Strengthened International Financial Systems*** – The Treasury Department Office of Terrorism and Financial Intelligence (TFI) safeguards the financial system against illicit use and leverages the power of the U.S. financial system and financial intelligence to combat rogue nations, terrorist facilitators, weapons of mass destruction (WMD) proliferators, money launderers, drug kingpins, and other national security threats.
- ***Management and Organizational Excellence*** – The Departmental Offices will develop integrated plans to align policies and operations in order to achieve efficiencies that maximize resources for the American people. In support of this goal and to accommodate the new staff in various policy offices, Treasury will increase staffing in key management offices.

## Table of Contents

<b>Departmental Offices.....</b>	<b>1</b>
<b>Section 1 – Purpose .....</b>	<b>4</b>
1A – Description of Bureau Vision and Priorities .....	4
1B – Program History and Future Outlook.....	5
<b>Section 2 – Budget Adjustments and Appropriation Language.....</b>	<b>10</b>
2.1 – Budget Adjustments Table.....	10
2A – Budget Increases and Decreases Description .....	10
2.2 – Operating Levels Table.....	13
2.3 – Appropriations Detail Table .....	14
2B – Appropriations Language and Explanation of Changes.....	14
2C – Legislative Proposals .....	16
<b>Section 3 – Budget and Performance Plan .....</b>	<b>18</b>
3.1 – Budget by Strategic Goal.....	18
3.2.1 – Executive Direction Budget and Performance Plan .....	19
3.2.2 – Economic Policies and Programs Budget and Performance Plan.....	20
3.2.3 – Financial Policies and Programs Budget and Performance Plan.....	22
3.2.4 – Terrorism and Financial Intelligence Budget and Performance Plan .....	24
3.2.5 – Treasury-wide Management and Programs Budget and Performance Plan .....	25
3.2.6 – Administration Programs Budget and Performance Plan .....	28
<b>Section 4 – Supporting Materials .....</b>	<b>29</b>
4A – Human Capital Strategy Description .....	29
4.1 – Summary of IT Resources Table .....	33
4B – Information Technology Strategy .....	34
4.2 – Program Assessment Table.....	36

## Section 1 – Purpose

---

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

Departmental Offices, as the headquarters bureau for the Department of the Treasury, provides leadership in such critical areas as economic and financial policy, terrorism and financial intelligence, financial crimes, and general management. The Secretary of the Treasury has the primary role in formulating and managing the domestic and international tax and financial policies of the Federal Government. Through effective management, policies, and leadership, the Treasury Department enables the use of financial tools in the war on terror, promotes the stability of the nation's financial markets, and ensures the government's ability to collect revenue.

The Fiscal Year 2010 budget request supports DO's leading role in accomplishing key goals:

- ***Managing the Government's Finances*** – The Department of Treasury will improve the effectiveness, reliability, security, and transparency of the U.S. financial system. DO forecasts receipts and payments, determines borrowing needs, and executes the borrowing strategy to meet the financial needs of the federal government.
- ***Securing America's Economic and Financial Future*** –The Departmental Offices maintains America's economic strength and prosperity through the development and implementation of policies that encourage overall economic growth. These policies foster innovation, enabling a growth in productivity that will raise America's standard of living.
- ***Strengthening National Security*** – The Departmental Offices leads the U.S. Government's effort to keep the world's financial systems accessible to legitimate users, while excluding those who wish to exploit the systems for illegal purposes. The Department is integral to countering terrorist organizations' financing networks. The Departmental Offices implements targeted financial measures in the form of sanctions with the goal of stopping the flow of money to terrorist organizations, drug traffickers, money launderers, weapons proliferators, rogue regimes and their support networks that constitute a threat to the United States.
- ***Producing Effective Results*** – The Department is committed to creating the conditions that allow its programs and activities to perform efficiently and effectively, while continuing to drive results through performance and cost-based decision-making.

## 1B – Program History and Future Outlook

Treasury's Departmental Offices (DO) not only supports the President's economic policy agenda, but maintains diligent administrative and management support necessary for future success.

***Securing America's Economic and Financial Future*** – The Department serves in the lead policy role in promoting a prosperous U.S. and world economy by raising standards of living and protecting the global economy and financial systems. The Department strives to maintain America's economic strength and prosperity by developing and implementing policies that encourage overall economic growth, protect the financial infrastructure, and ensure sound investment in the U.S. economy.

The ongoing housing crisis has reverberated throughout the U.S. financial system, severely impacting the U.S. economy. A lack of confidence among lenders has strained capital markets making it harder to obtain student loans, auto loans, home loans, and business loans. Restoring America's confidence in capital markets is essential to the long-term health of the U.S. economy. Significant efforts were taken by Treasury this last year to address financial market difficulties and mitigate effects on the overall economy, all in an support of the five goals of the Financial Stability Plan:.

- Restore confidence in the strength of the U.S. financial system:
  - o Treasury participated in development and implementation of the *Emergency Economic Stabilization Act of 2008 (EESA)*
  - o Treasury had an active role in finding solutions for troubled non-depository financial institutions, including providing direct financial assistance through EESA programs
  - o Treasury provided substantial financial support to Fannie Mae and Freddie Mac
- Restart the flow of credit critical to financing American households and businesses:
  - o Treasury launched the Consumer and Business Lending Initiative to help catalyze issuance of securities backed by student loans, credit cards, small businesses, auto loans, corporate and commercial real estate loans
  - o Treasury established a Temporary Guarantee Program for money market funds
  - o Treasury developed a program to set up funds to provide a market for the legacy loans and securities that currently burden the financial system
- Preserve homeownership and avoid preventable foreclosures:
  - o Treasury participated in Federal Housing Administration modernization
  - o Treasury established the Making Home Affordable Program
  - o Treasury participated in the development and implementation of temporary tax relief for mortgage holders:
- Restore net jobs creation and positive economic growth:
  - o Treasury participated in the development and implementation of the *American Recovery and Reinvestment Act of 2009*
- Safeguard taxpayer interests:

- o Treasury implemented a series of reforms to improve the transparency, accountability and oversight of EESA
- o Treasury instituted executive compensation reforms for those institutions receiving EESA funding

The Treasury Department is committed to playing an active role in building a healthy, more stable, and more competitive economic system that encourages people to invest, innovate, create jobs, and build stronger communities and better lives.

To accomplish this mission and because of the unprecedented economic downturn, it has and will require action on a scale that has not been seen in a generation – and it will require more high quality people to execute this vision. This budget request provides the resources needed to increase staffing in the policy offices that support financial stability activities.

Treasury also coordinated the U.S. policy agenda for the U.S.-China Strategic Economic Dialogue. Key achievements during the December 2007 and June 2008 meetings included:

- Launching of bilateral investment treaty negotiations to help open new opportunities for U.S. and Chinese investors;
- Signing of a Ten-Year Energy and Environment Cooperation Framework focused on creating a new energy-efficient model for sustainable economic development;
- Reaching agreements to further open financial markets in the areas of banking, insurance, and securities;
- Expanding coordination on management of product quality and food safety;
- Expanding efforts to address economic imbalances related to trade, investment, and exchange rates; and
- Establishing guidelines to improve transparency in administrative rule-making and innovation policy.

***Managing the Government's Finances*** – Managing the U.S. government's monetary resources is Treasury's primary mission. Many critical aspects of this function fall under the scope of DO, including the determination of domestic and international economic policy and debt management.

In fiscal year 2008 as part of the Cash Debt Management Modernization Initiative, Domestic Finance introduced the New Treasury Automated Auction Processing System (NTAAPS). The Department conducted more than 200 auctions, resulting in the issuance of over \$5.6 trillion in marketable securities. Treasury successfully resumed the issuance of the 52-week bill on a monthly basis to meet increased demand for borrowing. Additionally, the minimum bid at Treasury auctions was reduced from \$1,000 to \$100 to broaden the potential investor pool.

Domestic Finance has successfully provided support to the President's Working Group on Financial Markets (PWG) through drafting and coordinating clearance/issuance of the PWG's *Policy Statement on Financial Market Developments* (released in March 2008).

This statement addresses financial market turmoil and related issues, such as: the mortgage origination process, ratings processes and practices regarding structured credit and other securitized credit products, and global financial institutions' risk management practices. In addition, Domestic Finance facilitated and contributed to the work of private-sector committees on issues related to private pools of capital and hedge funds, including: the *Best Practices Reports* issued for public comment by the Asset Managers' Committee and Investors' Committee in April 2008, *PWG Financial Market Preparedness Plan Update*.

To improve international tax administration, the Treasury Department is examining how best to support individual and corporate taxpayers and effectively deal with tax issues associated with globalization. In fiscal year 2008, Treasury issued guidance addressing offshore and cross-border compliance risks. Collaboration with foreign tax administrators was expanded by the addition of Japan's National Tax Agency to the Joint International Tax Shelter Information Centre, an organization created by the tax agencies of the U.S., Britain, Canada, and Australia to identify and curb abusive cross-border transactions.

***Strengthening National Security*** – The Treasury Department, through its Office of Terrorism and Financial Intelligence (TFI), leads the U.S. government's multi-faceted effort to keep the world's financial systems free and open to legitimate users, while excluding those who wish to use those systems for illegal purposes.

In FY 2008, Treasury issued a precautionary advisory and an online warning to U.S. banks about the risks of doing business with Iran. Specific attention focused on the Central Bank of Iran, which has engaged in deceptive financial conduct. The majority of the world's leading financial institutions have dramatically scaled back or severed their relationships with Iranian banks in response to the mutually reinforcing actions taken by the public and private sectors. In addition, in January 2008, Treasury designated two Zimbabwean entities and two individuals as part of an increased effort to pressure those who are aiding Robert Mugabe.

The Foreign Narcotics Designation Kingpin Act gives Treasury the authority to apply economic sanctions against foreign narcotics trafficking worldwide. In fiscal year 2008, Treasury designated 15 key commanders of FARC (Revolutionary Armed Forces of Colombia) leadership, parts of the FARC's money laundering network, senior Venezuelan officials supporting the FARC, and members of the FARC's international committee. Four successive actions throughout the year focused on disrupting FARC's money laundering operations through the international financial system.

Treasury led or co-chaired several important working groups within the Financial Action Task Force (FATF) that produced valuable guidance and reports for identifying and addressing these vulnerabilities in the international financial system, including Iran, Pakistan, Sao Tome and Principe, Turkmenistan, Uzbekistan, and Turkish occupied northern Cyprus.

Finally, Treasury enhanced its efforts to provide timely, accurate, actionable, and policy-relevant intelligence analysis on the financial underpinnings of threats to national security. This analysis took the form of tactical and strategic assessments to inform policymaking and support enforcement actions.

***Producing Effective Results*** – The Department continues to provide effective management tools necessary to execute its mission. Essential components required for achieving the Department’s mission include human resources, emergency planning, information technology, financial services, and procurement.

The Treasury Department provides a secure information technology infrastructure. Treasury strengthened its networks by tightening security policies and implementing safeguards to reduce exposure to Internet-based threats. In fiscal year 2008, Treasury made significant progress in strengthening security configuration management.

Treasury is committed to maintaining, collecting, using, and disseminating information necessary to carry out its mission. The newly created Office of Privacy and Treasury Records will ensure that Treasury has a system in place to serve and inform the public and will strengthen the Department’s compliance with privacy and disclosure requirements.

Treasury’s Office of the Assistant Secretary for Management and Chief Financial Officer (CFO), and the Office of Financial Stability (OFS) Office of the CFO are developing the financial and accounting aspects of the *Emergency Economic Stabilization Act of 2008* (EESA). The EESA has provided authority to the Secretary of the Treasury to establish the Troubled Asset Purchase Program (TARP) under OFS, to “purchase, and to make and fund commitments to purchase troubled assets from any financial institution, on terms and conditions as are determined by the Secretary.”

The TARP currently includes a capital purchase program, public-private investment fund, systemically significant failing institutions program, consumer and business lending initiative, home affordable modification program, targeted investment program, automotive industry financing program, and an asset guarantee program. Treasury is addressing complex issues, such as how to:

- Value the various types of assets to be purchased under the TARP’s authority;
- Model the associated cash flows related to the assets to be purchased under the TARP’s authority;
- Report the TARP accurately, fairly, and transparently on the OFS’ and the Department’s financial statements in accordance with Generally Accepted Accounting Principles (GAAP); and
- Account for capital infusions and equity positions in financial institutions under the Capital Purchase Program.
- Measure how effectively TARP funds achieve Treasury’s primary economic goals



Treasury will work with its partners to determine fair market value of the assets it purchases through the TARP program. This work began in early fiscal year 2009. Treasury plans to work closely with the Federal Accounting Standards Advisory Board (FASAB) to ensure that TARP financial reporting maintains consistency with appropriate accounting and financial reporting standards.

While there have been significant accomplishments in fiscal year 2008 and the first half of FY 2009, more work remains to be completed to implement Treasury's new authorities. The Department will exercise its stewardship, accountability, and transparency to perform its work on behalf of the American people. This work is accomplished through Treasury's talented and dedicated workforce.

## Section 2 – Budget Adjustments and Appropriation Language

### 2.1 – Budget Adjustments Table

Dollars in Thousands

	Departmental Offices - S & E	FTE	Amount
FY 2009 Enacted		1,204	278,870
Changes to Base:			
Maintaining Current Levels (MCLs):		-	\$4,913
Across the Board program reduction		-	(1,464)
Non-Pay Inflation Adjustment		-	1,531
Pay Annualization		-	1,587
Pay Inflation		-	3,259
Initiative Annualization:		10	\$1,731
DF - Debt Management Office Analytical Support		2	307
GSE Support		4	464
OGC - General Counsel Support for CFIUS		2	338
OIA - Counterintelligence and Security Capabilities Enhancement		3	622
Subtotal FY 2010 Changes to Base		10	\$6,644
<b>Total FY 2010 Base</b>		<b>1,214</b>	<b>285,514</b>
Program Changes:			
Program Reinvestment:		(4)	(\$2,110)
International Affairs Reduction		(4)	(2,110)
Program Increases:		56	\$18,984
Domestic Finance Staffing		26	8,731
Tax Policy Staffing		15	4,863
Management Staffing		13	3,000
Recovery Act Program Support		1	400
Afghanistan Threat Finance Cell and International Dues		1	790
CIO Treasury Foreign Intelligence Network (TFIN)		-	1,200
Subtotal FY 2010 Program Changes		52	\$16,874
<b>Total FY 2010 President's Budget Request</b>		<b>1,266</b>	<b>302,388</b>

### 2A – Budget Increases and Decreases Description

**Maintaining Current Levels (MCLs) .....+\$4,913,000 / +0 FTE**

Across the Board Program Reduction -\$1,464,000 / +0 FTE

Across the Board Program Reduction to reflect efficiency savings.

Non-Pay Inflation Adjustment +\$1,531,000 / +0 FTE

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

Pay Annualization +\$1,587,000 / +0 FTE

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

Pay Inflation +\$3,259,000 / +0 FTE

Funds are requested for the FY 2010 pay increase.

**Initiative Annualization .....+\$1,731,000 / +10 FTE**

DF - Debt Management Office Analytical Support +\$307,000 / +2 FTE

Annualization of the FY 2009 Domestic Finance initiative to modify the debt management system and provide dedicated analytical staff.

GSE Support +\$464,000 / +4 FTE

Annualization of the FY 2009 Domestic Finance initiative provided for the execution and management of the Government Sponsored Enterprises (GSE) program. The funding is used for program personnel and their administrative expenses, as well as audit and consulting services.

OGC - General Counsel Support for CFIUS +\$338,000 / +2 FTE

Annualization of the FY 2009 initiative which provided legal support to the Office of the Assistant General Counsel (OGC) for IA. Additional resources will enable IA and OGC to meet the increased demand to support clients on the Treasury-chaired Committee on Foreign Investment in the United States.

OIA - Counterintelligence and Security Capabilities Enhancements +\$622,000 / +3 FTE

Annualization of the FY 2009 initiative which augmented the Department's efforts to address current and emerging threats that affect its national security mission. These include: preventing espionage in the Department; thwarting adversarial threats to our personnel, programs, and facilities; and identifying and mitigating threats from compromise of Treasury critical programs or theft.

**Program Reinvestment .....-\$2,110,000 / -4 FTE**

International Affairs Reduction -\$2,110,000 / -4 FTE

The Department considers its attaché program to be a valuable asset for building relationships with foreign officials and working with local U.S. industry and agency representatives to advance U.S. interests, but it does recognize that with current economic conditions a partial amount of the funding for this program must be realigned to other offices that are focused on the domestic economic situation. The Department has identified funds in the attaché program, and will reallocate these resources to meet the increased workload on the Office of Domestic Finance for the initiative described in the program increases section below.

**Program Increases .....+\$18,984,000 / +56 FTE**

Domestic Finance Staffing +\$8,731,000 / +26 FTE

In order to meet current and future economic challenges, Treasury must maintain a vast expertise in complex finance and government fields, particularly housing finance, small business and capital markets. In support of this objective, this initiative will fund additional staff in the Office of Domestic Finance, including two new Deputy Assistant Secretary (DAS) positions: one DAS for Housing Finance, Small Business and Consumer Issues and one DAS for Capital Markets. . The two DASs will lead teams designed to support the economic research and modeling for these critical areas.

Tax Policy Staffing +\$4,863,000 / +15 FTE

To ensure Treasury possesses capabilities sufficient to support rigorous analysis and implementation of revenue policy, the Budget includes funding for an additional 15 tax specialists in Treasury's Office of Tax Policy. These new tax specialists will apply tax expertise in of the following key areas: (1) the financial crisis; (2) the financial stimulus plan; (3) climate change; and (4) health care reform.

Management Staffing +\$3,000,000 / +13 FTE

DO has identified a number of staffing shortfalls in the areas of Treasury-wide human capital, IT and procurement policy. The Office of the Chief Information Officer (OCIO) needs additional staff to support the increasingly sophisticated technology needs of Treasury leadership and policy offices. As the Department takes on broader and more complex financial and fiscal issues, policymakers and advisors require more IT support and programs for their work to effectively meet these needs. The new staff will support the implementation of new procurement requirements associated with the Administration's efforts for increased transparency in Federal contracting, as well as provide additional support to process large, complex IT contracts. In addition, the additional HR staff and privacy directives staff will ensure that Treasury's directives, both for HR and otherwise, are codified and made accessible to Treasury employees.

Recovery Act Program Support +\$400,000 / +1 FTE

In accordance with sections 1602 and 1603 of the American Recovery and Reinvestment Act of 2009 (Recovery Act), the Secretary is implementing two new grant programs: (1) Grants to States for Low-Income Housing Projects in Lieu of Low-Income Housing Tax Credits and (2) Grants for Specified Energy Property in Lieu of Tax Credits. Funding is requested to continue the administration of these programs in FY 2010.

Afghanistan Threat Finance Cell and International Dues +\$790,000 / +1 FTE

Resources are requested to provide designated Treasury staff for the Afghanistan Threat Finance Cell and support annual dues to international anti-money laundering organizations. The Afghanistan Threat Finance Cell (ATFC) was established in FY 2009 on the model of the successful Iraq Threat Finance Cell as a joint Treasury, State and Defense Department initiative. Treasury requests resources to provide one dedicated, full-time staff member for this important effort. Treasury leads the United States delegation to the Asia-Pacific Group and the Financial Action Task Force, international bodies dedicated to combating money laundering and terrorist financing, and strengthening the financial systems of member states. Treasury requests funds to support dues payments.

CIO Treasury Foreign Intelligence Network (TFIN) +\$1,200,000 / +0 FTE

Provide on-going Operations and Maintenance (O&M) support for the TFIN system, including program management, O&M managed services provider contractor support, telecommunications and circuit costs, hardware and software maintenance, and technology refresh.

## 2.2 – Operating Levels Table

Appropriation Title: DO Salaries and Expenses	FY 2008 Enacted	FY 2009 ARRA	FY 2009 President's Budget	Cong. Action	FY 2009 Enacted	FY 2010 President's Budget	% Change FY 2009 to FY 2010
<b>FTE</b>	<b>1,133</b>		<b>1,200</b>	<b>4</b>	<b>1,204</b>	<b>1,266</b>	
<b>Object Classification:</b>							
11.1 Full-Time Permanent Positions.....	\$112,378	\$15,000	\$130,297	1,011	\$131,308	\$145,562	10.9%
11.3 Other than Full-Time Permanent Positions.....	2,781	50,000	2,781		2,781	2,781	0.0%
11.5 Other Personnel Compensation.....	197	1,000	197		197	197	0.0%
11.8 Special Personal Services Payments.....	\$0	0	0		0	0	0.0%
<b>11.9 Personnel Compensation (Total).....</b>	<b>\$115,356</b>	<b>\$66,000</b>	<b>\$133,275</b>	<b>\$1,011</b>	<b>\$134,286</b>	<b>\$148,540</b>	<b>10.6%</b>
12.0 Personnel Benefits.....	23,843	27,000	28,377		28,377	28,861	1.7%
13.0 Benefits to Former Personnel.....	0	0	0		0	0	0.0%
<b>Pay</b>	<b>139,199</b>	<b>93,000</b>	<b>161,652</b>	<b>1,011</b>	<b>162,663</b>	<b>177,401</b>	<b>9.1%</b>
21.0 Travel.....	6,790	2,000	5,047		5,047	5,286	4.7%
22.0 Transportation of Things.....	0				0	0	0.0%
23.1 Rental Payments to GSA.....	5,239		4,000		4,000	5,427	0.0%
23.2 Rent Payments to Others.....	0				0	-	0.0%
23.3 Communications, Utilities, & Misc.....	7,967	17,000	14,058	54	14,112	14,889	5.5%
24.0 Printing and Reproduction.....	2,715	4,000	2,715		2,715	2,715	0.0%
25.1 Advisory & Assistance Services.....	51,055		37,699	3,882	41,581	47,213	13.5%
25.2 Other Services.....	9,724	14,000	19,229		19,229	19,229	0.0%
25.3 Purchase of Goods/Serv. from Govt. Accts.....	18,840		22,249		22,249	22,249	0.0%
25.4 Operation & Maintenance of Facilities.....	900		900		900	900	0.0%
25.5 Research & Development Contracts.....	0		0		0	0	0.0%
25.6 Medical Care.....	0				0	0	0.0%
25.7 Operation & Maintenance of Equipment.....	1,000		1,000		1,000	1,000	0.0%
25.8 Subsistence & Support of Persons.....	0		0		0	0	0.0%
26.0 Supplies and Materials.....	3,857		3,426	4	3,430	3,498	2.0%
31.0 Equipment.....	1,073	1,000	1,920	24	1,944	2,581	32.7%
32.0 Lands and Structures.....	0		0		0	0	0.0%
33.0 Investments & Loans.....	0		0		0	0	0.0%
41.0 Grants, Subsidies.....	0		0		0	0	0.0%
42.0 Insurance Claims & Indemn.....	0		0		0	0	0.0%
43.0 Interest and Dividends.....	0		0		0	0	0.0%
44.0 Refunds.....	0		0		0	0	0.0%
<b>Non-Pay</b>	<b>109,161</b>	<b>38,000</b>	<b>112,243</b>	<b>3,964</b>	<b>116,207</b>	<b>124,987</b>	<b>7.6%</b>
<b>Total Budget Authority.....</b>	<b>\$248,360</b>	<b>\$131,000</b>	<b>\$273,895</b>	<b>\$4,975</b>	<b>\$278,870</b>	<b>\$302,388</b>	<b>8.4%</b>
<b>Budget Activities:</b>							
Executive Direction	\$20,749		\$21,592	\$27	\$21,619	\$22,383	3.5%
Economic Policies and Programs	44,242		45,852	58	45,910	44,749	-2.5%
Financial Policies and Programs	29,465	1,000	34,737	1,302	36,038	47,580	32.0%
Terrorism and Financial Intelligence	56,775		61,710	388	62,098	64,611	4.0%
Treasury-wide Management and Programs	18,505	130,000	19,009	2,592	21,600	22,779	5.5%
Administration Programs	78,624		90,995	609	91,604	100,286	9.5%
<b>Total Budget Authority.....</b>	<b>\$248,360</b>	<b>\$131,000</b>	<b>\$273,895</b>	<b>\$4,975</b>	<b>\$278,870</b>	<b>\$302,388</b>	<b>8.4%</b>

## 2.3 – Appropriations Detail Table

Dollars in Thousands

Resources Available for Obligation	FY 2008 Obligations		FY 2008 Enacted		FY 2009 ARRA 1/		FY 2009 Enacted		FY 2010 Request		% Change FY 2009 to FY 2010	
	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT
<b>Newly Appropriated Resources:</b>												
Executive Direction Programs	129	\$20,273	129	\$20,749			131	\$21,619	132	22,383	1.15%	3.53%
Economic Policies and Programs	244	41,852	244	44,242			247	45,910	243	44,749	-1.62%	-2.53%
Financial Policies and Programs	194	29,134	194	29,465	1	\$1,000	199	36,038	244	47,580	22.61%	32.03%
Terrorism and Financial Intelligence	308	51,904	308	56,775			342	62,098	346	64,611	1.17%	4.05%
Treasury-wide Management Policies and Programs	99	16,384	99	18,505	891	130,000	101	21,600	109	22,779	7.92%	5.46%
Administration Programs	160	82,630	160	78,624			185	91,604	192	100,286	4.07%	9.48%
<b>Subtotal Newly Appropriated Resources</b>	<b>1,133</b>	<b>242,176</b>	<b>1,133</b>	<b>248,360</b>	<b>892</b>	<b>131,000</b>	<b>1,204</b>	<b>278,870</b>	<b>1,266</b>	<b>302,388</b>	<b>5.15%</b>	<b>8.43%</b>
<b>Other Resources:</b>												
Offsetting Collections - Reimbursable	90	\$20,931	90	\$19,800	0	\$0	137	\$38,642	137	\$33,842	0.00%	-12.42%
<b>Subtotal Other Resources</b>	<b>90</b>	<b>20,931</b>	<b>90</b>	<b>19,800</b>	<b>0</b>	<b>0</b>	<b>137</b>	<b>38,642</b>	<b>137</b>	<b>33,842</b>	<b>0.00%</b>	<b>-12.42%</b>
<b>Total Resources Available for Obligation</b>	<b>1,223</b>	<b>\$263,107</b>	<b>1,223</b>	<b>\$268,160</b>	<b>892</b>	<b>\$131,000</b>	<b>1,341</b>	<b>\$317,512</b>	<b>1,403</b>	<b>\$336,230</b>	<b>4.63%</b>	<b>5.90%</b>

1/ ARRA funding will be spent in FY 2009 and FY 2010. FTE level reflects peak in FY 2010.

## 2B – Appropriations Language and Explanation of Changes

Appropriations Language	Explanation of Changes
<p>DEPARTMENT OF THE TREASURY DEPARTMENTAL OFFICES</p> <p>Federal Funds</p> <p><b>SALARIES AND EXPENSES:</b></p> <p>For necessary expenses of the Departmental Offices including operation and maintenance of the Treasury Building and Annex; hire of passenger motor vehicles; maintenance, repairs, and improvements of, and purchase of commercial insurance policies for, real properties leased or owned overseas, when necessary for the performance of official business, [\$278,870,000 of which not to exceed \$21,619,000 is for executive direction program activities; not to exceed \$45,910,000 is for economic policies and programs activities; not to exceed \$36,038,000 is for financial policies and programs activities; not to exceed \$62,098,000 is for terrorism and financial intelligence activities; not to exceed \$21,600,000 is for Treasury-wide management policies and programs activities; and not to exceed \$91,604,000 is for administration programs activities: Provided, That the Secretary of the</p>	<p><b>The language has been amended to remove the allocation of appropriated funds by budget activity. The amended language provides flexibility to the Secretary of the Treasury to meet critical requirements in a timely manner. This methodology is in line with submissions from prior years, and will make DO's reprogramming requirements the same as all other Treasury bureaus.</b></p>

<p>Treasury is authorized to transfer funds appropriated for any program activity of the Departmental Offices to any other program activity of the Departmental Offices upon notification to the House and Senate Committees on Appropriations: Provided further, That no appropriation for any program activity shall be increased or decreased by more than 4 percent by all such transfers: Provided further, That any change in funding greater than 4 percent shall be submitted for approval to the House and Senate Committees on Appropriations] \$302,338,000: <i>Provided</i> [further], That of the amount appropriated under this heading, not to exceed \$3,000,000, to remain available until September 30, [2010]2011, is for information technology modernization requirements; not to exceed \$200,000 is for official reception and representation expenses; and not to exceed \$258,000 is for unforeseen emergencies of a confidential nature, to be allocated and expended under the direction of the Secretary of the Treasury and to be accounted for solely on his certificate: <i>Provided further</i>, That of the amount appropriated under this heading, [\$5,232,000] \$6,787,000, to remain available until September 30, [2010]2011, is for the Treasury-wide Financial Statement Audit and Internal Control Program, of which such amounts as may be necessary may be transferred to accounts of the Department's offices and bureaus to conduct audits: <i>Provided further</i>, That this transfer authority shall be in addition to any other provided in this Act: <i>Provided further</i>, That of the amount appropriated under this heading, \$500,000, to remain available until September 30, [2010]2011, is for secure space requirements: [<i>Provided further</i>, That of the amount appropriated under this heading, \$1,100,000, to remain available until September 30, 2010, is for salary and benefits for hiring of personnel whose work will require completion of a</p>	
--	--

<p>security clearance investigation in order to perform highly classified work to further the activities of the Office of Terrorism and Financial Intelligence:] <i>Provided further</i>, That of the amount appropriated under this heading, \$3,400,000, to remain available until September 30, [2011]2012, is to develop and implement programs within the Office of Critical Infrastructure Protection and Compliance Policy, including entering into cooperative agreements: <i>Provided further</i>, That of the amount appropriated under this heading \$3,000,000 to remain available until September 30, [2011]2012, is for modernizing the Office of Debt Management's information technology. (Department of the Treasury Appropriations Act, 2009.)</p>	
--	--

## 2C – Legislative Proposals

From proposed FY 2010 Department of the Treasury Administrative Provisions:

*Sec. 117. The Secretary is authorized to establish additional Treasury accounts for the Alcohol & Tobacco Tax and Trade Bureau, Department of the Treasury; U.S. Customs and Border Protection, Department of Homeland Security; and the Bureau of Alcohol, Tobacco Firearms and Explosives, Department of Justice, for purposes of administering refunds under 31 U.S.C. 1324.*

### **Explanation / Background:**

#### *Improving Efficiency of Tax Refund Payments*

The Internal Revenue Service (IRS), U.S. Customs and Border Protection (CBP), Alcohol & Tobacco Tax and Trade Bureau (TTB), and, in the past, the Bureau of Alcohol, Tobacco, Firearms and Explosives (ATFE), pay tax refunds. IRS, TTB, and ATFE refund both principal and interest amounts, while CBP refunds principal only at this time. Although each of these bureaus has their respective refunds to pay, only the IRS appropriations are currently available for payment of these refunds.

The IRS appropriation was established as a permanent, indefinite appropriation in 1948 and is now codified in 31 U.S.C 1324. It is designated as Treasury account fund symbols 20X0903 (principal) and 20X0904 (interest) to be administered entirely by the IRS. The IRS administration of this appropriation encompasses the processing of warrants, recordation of budgetary entries and all appropriation year-end and monthly reporting. This arrangement, whereby multiple organizations utilize a single refund appropriation, prevents transactions relating to this appropriation from being recorded in conformance



with federal accounting standards, and creates processing delays for the all agencies. As all refunds are paid out of the same IRS fund symbol, the IRS must do a monthly review of refund activity to ascertain the refund amounts applicable to each agency involved in paying refunds. This is time-consuming and inefficient. Further, the IRS administers the existing fund symbols it must request all warrant authority for payments to be made. Thus, the IRS must monitor budget authority pertaining to the other agencies involved, which requires the IRS to communicate frequently with the other agencies, which is likewise time-consuming and inefficient. The current situation also results in differences between IRS's budgetary accounts, which track all the budget activity for these fund symbols, and IRS's proprietary accounts, which track only IRS-related activity. The differences between the budgetary and proprietary accounts need to be continually tracked and reconciled monthly before the data can be finalized for financial statement purposes and for reporting to the Financial Management Service.

**Impact:**

The proposed legislative language will greatly improve the efficiency of the payment of various types of tax refunds and related interest.

## Section 3 – Budget and Performance Plan

---

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 Goal

Dollars in Thousands

Treasury Strategic Goal	FY 2009 Enacted	FY 2010 Request	% Change FY 2009 to FY 2010
Effectively Manage U.S. Government Finances	\$53,807	\$61,835	14.9%
Ensure Full Performance of U.S. and World Economies	102,226	\$106,833	4.5%
Prevent Terrorism & Promote the Nation's Security	110,985	\$115,039	3.7%
Dedicate to Management and Organizational Excellence	\$50,494	\$52,523	4.0%
<b>Total FY 2010 Request</b>	<b>\$317,512</b>	<b>\$336,230</b>	<b>5.9%</b>

**3A – Executive Direction** (\$22,383,000 from direct appropriations and \$1,092,000 from reimbursable programs): The Executive Direction program area provides direction and policy formulation to the Department and DO and interacts with Congress and the public on Departmental policy matters. These offices include: Secretary/Deputy Secretary, Chief of Staff, Executive Secretariat, General Counsel, Legislative Affairs, Public Affairs, and Treasurer.

The Office of General Counsel is a constituent component of Executive Direction. This division provides legal support and guidance on all matters pertaining to the Department, from issues relating to tax and financial policies, international treaties, human resources related matters and procurement. This is a vital function for the Department and the American people as it ensures a legal synergy between the financial sector and the law. In FY 2008 the Office of General Counsel was appropriated \$ 9.9 million, in FY 2009 \$10.5 million and in FY 2010 the President's request is \$11.0 million.

### 3.2.1 – Executive Direction Budget and Performance Plan

Executive Direction Programs Budget Activity						
Resource Level	FY 2006 Obligations	FY 2007 Obligations	FY 2008 Obligations	FY 2009 ARRA	FY 2009 Enacted	FY 2010 Request
Appropriated Resources	\$16,329	\$19,094	\$20,273	\$0	\$21,619	\$22,383
Reimbursable Resources	0	0	599	0	1,092	1,092
<b>Total Resources</b>	<b>\$16,329</b>	<b>\$19,094</b>	<b>\$20,872</b>	<b>\$0</b>	<b>\$22,711</b>	<b>\$23,475</b>
<b>Budget Activity Total</b>	<b>\$16,329</b>	<b>\$19,094</b>	<b>\$20,872</b>	<b>\$0</b>	<b>\$22,711</b>	<b>\$23,475</b>

No specific performance goals/measures are presented for this budget activity as the work of the offices within this budget activity is captured within the other budget activities.

**3B – Economic Policies and Programs** (\$44,749,000 from direct appropriations and \$5,097,000 from reimbursable programs): A major mission of the offices within the Economic Policy and Programs budget activity is to promote economic growth and security. The Offices pursue this mission by providing economic guidance and support to the Secretary in his role as the President’s chief economic adviser. These offices play a key role in supporting the Secretary by providing technical analysis, economic forecasting, and policy guidance on issues ranging from changes in entitlement policy to responding to international financial crises. They provide economic intelligence and support by analyzing and reporting on current and prospective economic developments in the U.S. and world economies, assisting in the determination of appropriate economic policies, and evaluating policy ideas. The offices review and analyze domestic and international economic issues and developments in the financial markets.

#### Office of International Affairs (IA)

The Office of International Affairs’ (IA) mission is to increase economic growth in developed and developing countries; improve financial stability in world markets; enhance the functioning of international financial institutions; and promote an open and transparent international trade and investment regime.

IA leads the Treasury Department effort in the development of policies and guidance related to international monetary affairs, trade and investment policy, international debt strategy, and the United States participation in international financial institutions. IA also coordinates the United States economic policies with the finance ministers of other G-7 industrial nations and prepares the President for annual economic summits.

#### Office of Economic Policy (EP)

The Office of Economic Policy (EP) plays a key role in supporting the Secretary by providing technical analysis, economic forecasting, and policy guidance. The office provides economic intelligence through the analysis and reporting of current and

prospective economic developments in the U.S. and world economies. EP also provides assistance in the evaluation and determination of the appropriate economic approach.

Economic Policy supports the Secretary of the Treasury in his roles as Chairman and Managing Trustee of the Social Security and Medicare Boards of Trustees. EP has proposed and implemented significant changes in the Trustees Reports, including perpetuity estimates of unfunded liabilities in the Social Security and Medicare reports. EP has developed a set of criteria and associated metrics to allow evaluations and analysis of options related to Social Security reform.

### 3.2.2 – Economic Policies and Programs Budget and Performance Plan

Economic Policy and Programs Budget Activity						
Resource Level	FY 2006 Obligations	FY 2007 Obligations	FY 2008 Obligations	FY 2009 ARRA	FY 2009 Enacted	FY 2010 Request
Appropriated Resources	\$31,691	\$35,581	\$41,852	\$0	\$45,910	\$44,749
Reimbursable Resources	8,504	3,195	4,073	0	5,097	5,097
<b>Total Resources</b>	<b>\$40,195</b>	<b>\$38,776</b>	<b>\$45,925</b>	<b>\$0</b>	<b>\$51,007</b>	<b>\$49,846</b>
<b>Budget Activity Total</b>	<b>\$40,195</b>	<b>\$38,776</b>	<b>\$45,925</b>	<b>\$0</b>	<b>\$51,007</b>	<b>\$49,846</b>
Economic Policies and Programs Budget Activity						
Measure	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Target	FY 2010 Target	
Changes that result from project engagement (Impact) (Oe)	N/A	N/A	3.1	3.1	3.1	
Improve International Monetary Fund (IMF) effectiveness and quality through periodic review of IMF programs (%) (Oe)	100	100	93	90	90	
Number of new Free Trade Agreement (FTA) negotiations and Bilateral Investment Treaties (BIT) negotiations underway or completed (Oe)	9	7	Discontinued	Discontinued	Discontinued	
Number of new trade and investment negotiations underway or completed (Oe)	N/A	N/A	14	6	2	
Number of specific new trade actions involving Treasury interagency participation in order to enact, implement and enforce US trade law and international agreements (Oe)	N/A	N/A	68	30	30	
Percentage of grant and loan proposals containing satisfactory frameworks for results measurement (%) (Oe)	88	92	94	90	90	
Scope and intensity of engagement (Traction) (E)	N/A	N/A	3.7	3.7	3.7	
US real Gross Domestic Product (GDP) growth rate (%) (Oe)	3	2.4	Discontinued	Discontinued	Discontinued	
US unemployment rate (%) (Oe)	4.6	4.5	Discontinued	Discontinued	Discontinued	

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

*Description of Performance:* The Treasury Department is committed to participating in the negotiation and implementation of international agreements, which help to remove trade and investment barriers and stimulate domestic and global growth. Treasury's Office of International Affairs advises and assists in the formulation and execution of U.S. international economic and financial policy. In FY 2008, the office met or exceeded its targets for all of its performance measures. During the year, the office modified its measure related to trade and investment negotiations to broaden its scope and added a new measure related to the enactment, implementation and enforcement of US trade law

and international agreements. For FY 2009 and FY 2010, it is anticipated that completion of new international trade and investment agreements will be challenged by protectionist sentiment associated with the global recession. Commitments by G-20 nations to resume the World Trade Organization's Doha Round of trade negotiations and limit protection are extremely favorable, but the performance results of FY 2008 are likely to be unrepeatable in the current climate. Performance targets for FY 2009 and FY 2010 for both measures have consequently been set to reflect these economic challenges.

To help ensure that Multilateral Development Banks (MDB's) demonstrate results of their development assistance, MDB's closely monitor the percentage of grant and loan proposals containing satisfactory measurement frameworks. Over the past several years, most of the MDB's have made substantial progress towards developing frameworks that measure the results of their development assistance. For FY 2008, 94 percent of grant and loan proposals contained satisfactory results measurement frameworks, exceeding the Department's target of 90 percent.

In FY 2008, the Department was actively involved in reforms at international financial institutions. In particular, the Department supported the IMF's efforts to restructure its voting system to expand participation by emerging market countries, coordinate development of investment guidelines for sovereign wealth funds, and undertake comprehensive management reorganization. With the decision to increase funding for the IMF to \$750 billion agreed to at the April 2009 G-20 summit, the IMF will continue to play a pivotal role in management of current and future financial crises. To assess the IMF's contribution to international financial management, the Department conducts periodic reviews of IMF program effectiveness and quality. The Department's review of IMF programs for FY 2008 yielded an improvement rate of 93 percent, exceeding the target rate of 90 percent.

In fiscal year 2008, the Office of Technical Assistance established two, new comprehensive performance measures to assess the effectiveness of assistance programs for client countries. The measures evaluate the traction advisors establish with country leadership and the impact of client country programs implemented with U.S. assistance. The measures determine traction and impact along four dimensions: country integration into the international community, country progress towards strategic goals, human and systems capacity building, and program effectiveness across government and the private sector. The measures were base-lined in fiscal year 2008. The average rating was 3.7 for traction and 3.1 for impact, out of a possible score of 5.0.

DO is continuing to work to develop meaningful performance measures for policy offices which align to the 2007-2012 Treasury Strategic Plan.

**3C – Financial Policies and Programs** (\$47,580,000 from direct appropriations and \$5,225,000 from reimbursable programs): Offices within the Financial Policies and

Programs budget activity monitor and provide advice and assistance to the Secretary in the areas of tax policy, domestic finance, financial markets, and the regulation of financial institutions.

#### Office of Tax Policy (TP)

The Office of Tax Policy supports the Secretary of the Treasury through the provision of technical analysis, economic forecasting, and policy guidance on issues relating to Federal tax policy. The office's analysis also supports the Department's management of Federal revenues, collection of tax revenues due the United States, and Federal debt management; all essential for ensuring the integrity of the American financial system.

The Office of Tax Policy has supported the Administration's health care initiatives through significant and timely analysis of taxation and employee benefits issues underlying many health and Medicare reform proposals. The Office is currently facing two significant challenges: to improve its analytical capabilities by expanding its data systems and economic modeling capabilities and to maximize voluntary tax compliance.

#### Office of Domestic Finance (DF)

The mission of the Office of Domestic Finance is to advise and assist the Secretary on the domestic financial system and fiscal policy and operations, as well as governmental assets and liabilities. The office advises the Secretary on regulations and legislation for financial institutions to ensure a resilient and healthy financial sector. The Office of Domestic Finance includes the Office of Financial Markets, the Office of Fiscal Policy, the Office of Financial Institutions, the Office of Critical Infrastructure Protection, and the Office of Financial Stability.

### 3.2.3 – Financial Policies and Programs Budget and Performance Plan

Financial Policies and Programs Budget Activity						
Resource Level	FY 2006 Obligations	FY 2007 Obligations	FY 2008 Obligations	FY 2009 ARRA	FY 2009 Enacted	FY 2010 Request
Appropriated Resources	\$26,308	\$24,878	\$29,134	\$1,000	\$36,038	\$47,580
Reimbursable Resources	936	4,304	4,261	0	5,225	5,225
<b>Total Resources</b>	<b>\$27,244</b>	<b>\$29,182</b>	<b>\$33,395</b>	<b>\$1,000</b>	<b>\$41,263</b>	<b>\$52,805</b>
<b>Budget Activity Total</b>	<b>\$27,244</b>	<b>\$29,182</b>	<b>\$33,395</b>	<b>\$1,000</b>	<b>\$41,263</b>	<b>\$52,805</b>
Financial Policies and Programs Budget Activity						
Measure	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Target	FY 2010 Target	
Audit opinion received on government-wide financial statements	1	1	Discontinued	Discontinued	Discontinued	
Release federal government-wide statements on time (Oe)	1	1	1	1	1	
Variance between estimated and actual receipts (%) (Oe)	3.9	2.1	4.6	5	4.5	

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

*Description of Performance:* In FY 2008, for the fifth consecutive year, the Treasury Department's Office of Domestic Finance released the government-wide financial statements on time, and expects to meet its target for both FY 2009 and 2010. The prompt

release of this statement contributes to improved transparency and accountability of government financial activities for the American public.

As part of managing the government's central operating account and cash position, the Office of Fiscal Projections (OFP) provides forecasts of federal receipts, outlays, and debt transactions to ensure that funds are available on a daily basis to cover federal payments. To analyze the effectiveness of cash management techniques employed, OFP measures the variance between actual and projected government receipts. Given the economic stimulus package, stress in global credit markets, restructuring of the Federal Reserve's balance sheet, a spike in deposit insurance outlays and lower tax receipts associated with the recession, FY 2008 was a particularly challenging forecasting year. While the estimated variance of 4.6 percent was below the target variance of 5.0 percent for the year, it still fell short of the 2.1 percent variance registered for FY 2007. Achieving target variance for FY 2009 will also be affected by factors associated with the recession and initiatives to restart credit markets, although OFP is continuing efforts to improve modeling systems and receipt projections to meet forecast targets.

**3D – Terrorism and Financial Intelligence** (\$64,611,000 from direct appropriations and \$5,637,000 from reimbursable programs): The Office of Terrorism and Financial Intelligence (TFI) oversees the Department's functions that strengthen national security with the twin aims of safeguarding financial systems against illicit use and combating rogue nations, terrorist facilitators, money launderers, drug kingpins, proliferators of weapons of mass destruction, and other national security threats.

*The Office of Foreign Assets Control (OFAC)*

The Office of Foreign Assets Control (OFAC) is dedicated to carrying out the complex mission of administering and enforcing economic and trade sanctions based on U.S. foreign policy and national security goals. OFAC administers approximately 30 economic sanctions programs against foreign countries, targeted regimes, and entities and individuals. Although these many programs differ in terms of their scope and application, they all involve the exercise of the President's constitutional and statutory wartime and national emergency powers to impose controls on transactions and trade and to freeze foreign assets that come within the jurisdiction of the United States.

#### Office of Intelligence and Analysis (OIA)

The Office of Intelligence and Analysis (OIA) is responsible for the receipt, analysis, collation, and dissemination of foreign intelligence and foreign counterintelligence information related to the operation and responsibilities of the Department of the Treasury. OIA's mission is to support the formulation of policy and execution of Treasury authorities. OIA executes this mission by producing expert intelligence analysis on financial and other support networks of terrorist groups, proliferators, and other key national security threats and by providing timely, accurate, and focused intelligence on the full range of economic, political, and security issues.

#### The Office of Terrorist Financing and Financial Crimes (TFFC)

The Office of Terrorist Financing and Financial Crimes (TFFC) is the policy and outreach apparatus for the Office of Terrorism and Financial Intelligence (TFI) on terrorist financing, money laundering, financial crime, and sanctions issues. It develops and implements strategies, policies, and initiatives to identify and address vulnerabilities in the U.S. and the international financial system and to disrupt and dismantle terrorist and WMD proliferation financial networks. TFFC collaborates with the other elements of TFI and other Treasury offices and works closely with the federal law enforcement community – in particular, IRS criminal investigators – as well as with the regulatory community, the private sector, and its counterparts abroad to identify and address terrorist financing and WMD proliferation threats.

More specifically, TFFC leads and coordinates the United States representation at international bodies dedicated to fighting terrorist financing and financial crime, such as the Financial Action Task Force (FATF), and increases our multilateral and bilateral efforts in this field. The office advances international standards, conducts assessments, and applies protective countermeasures against high-risk foreign jurisdictions and financial institutions. Bilaterally, TFFC works with foreign counterparts to craft strategies to jointly attack terrorist financing both globally and within specific regions.

### **3.2.4 – Terrorism and Financial Intelligence Budget and Performance Plan**

Terrorism and Financial Intelligence Budget Activity						
Resource Level	FY 2006 Obligations	FY 2007 Obligations	FY 2008 Obligations	FY 2009 ARRA	FY 2009 Enacted	FY 2010 Request
Appropriated Resources	\$39,540	\$43,115	\$51,904	\$0	\$62,098	\$64,611
Reimbursable Resources	6,987	3,934	3,866	0	5,637	5,637
Total Resources	\$46,527	\$47,049	\$55,770	\$0	\$67,735	\$70,248
Budget Activity Total	\$46,527	\$47,049	\$55,770	\$0	\$67,735	\$70,248



<b>Terrorism and Financial Intelligence Budget Activity</b>					
Measure	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Target	FY 2010 Target
Increase the number of outreach engagements with the charitable and international financial communities (Ot)	45	85	80	Discontinued	Discontinued
Number of countries that are assessed for compliance with the Financial Action Task Force (FATF) 40 + 9 recommendations (Ot)	5	6	12	Discontinued	Discontinued
Number of open civil penalty cases that are resolved within the statute of limitations period (Ot)	85	296	233	Discontinued	Discontinued
Key: Oe - Outcome Measure, E - Efficiency Measure, Ot - Output/Workload Measure, and M - Management/Customer Satisfaction					

*Description of Performance:* Currently, DO is working to develop meaningful performance measures that will align to the 2007-2012 Treasury Strategic Plan. These new measures have been developed and are currently being reviewed for implementation.

**3E - Treasury-wide Management and Programs** (\$22,779,000 from direct appropriations and \$4,575,000 from reimbursable programs ): The primary role of offices within Treasury-wide Management (TWM) is to create the conditions which allow Administration priorities and goals to be achieved as efficiently and effectively as possible. TWM provides strategic planning and develops policy direction in the areas of: human resources; emergency management, privacy, records management, civil liberties; information technology security; and financial administration (such as the formulation and management of Treasury's budget). The Department develops integrated plans to align policy and operations in order to produce maximum value for the American people.

### 3.2.5 – Treasury-wide Management and Programs Budget and Performance Plan

<b>Treasury-wide Management Programs Budget Activity</b>						
Resource Level	FY 2006 Obligations	FY 2007 Obligations	FY 2008 Obligations	FY 2009 ARRA 1/ Enacted	FY 2010 Request	
Appropriated Resources	\$16,674	\$15,705	\$16,384	\$130,000	\$21,600	\$22,779
Reimbursable Resources	3,373	2,696	4,295	0	4,575	4,575
<b>Total Resources</b>	<b>\$20,047</b>	<b>\$18,401</b>	<b>\$20,679</b>	<b>\$0</b>	<b>\$26,175</b>	<b>\$27,354</b>
<b>Budget Activity Total</b>	<b>\$20,047</b>	<b>\$18,401</b>	<b>\$20,679</b>	<b>\$0</b>	<b>\$26,175</b>	<b>\$27,354</b>

1/ ARRA funding includes \$123 Million for IRS and \$7 Million for FMS.

<b>Treasury-wide Management and Programs Budget Activity</b>					
Measure	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Target	FY 2010 Target
Completed investigations of EEO complaints within 180 days (%) (Oe)	20	51.6	56	50	50
Injury and illness rate Treasury-wide - including DO (Oe)	1	1	1.29	Discontinued	Discontinued
Management cost per Treasury employee (\$) (E)	40.59	29.64	Discontinued	Discontinued	Discontinued
Number of material weaknesses (significant management problems identified by GAO, the IGs and/or other bureaus) (Oe)	1	0	2	0	1
Percent of complainants informally contacting Equal Employment Opportunity (EEO) (for the purpose of seeking counseling or filing a complaint) who participate in the ADR Process (%) (Oe)	25	29	45	30	30
Key: Oe - Outcome Measure, E - Efficiency Measure, Ot - Output/Workload Measure, and M - Management/Customer Satisfaction					

*Description of Performance:* DO, through Treasury-wide Management (TWM), is committed to building a strong institution that is dedicated to serving the public's interest and focused on delivering results.

For FY 2008, DO met or exceeded its performance measures related to Equal Employment Opportunity (EEO) and Department-wide injury and illness rates. Both the percent of complainants informally contacting EEO (for the purpose of seeking counseling or filing a complaint) who participate in the Alternative Dispute Resolution process and percentage of EEO investigations completed within 180 days exceeded performance targets. In addition, the Department-wide injury and illness rate exceeded its target of 1.4, registering 1.29 (lower is better). During FY 2008 the Office of the Deputy Assistant Secretary for Human Resources / Chief Human Capital Officer (DASHR/CHCO) began using two performance measures to assess how well employee expectations align with organization performance. DASHR/CHCO also implemented its first human capital operating plan to ensure steady progress towards the goals laid out in the Human Capital Strategic Plan. These new initiatives have significantly improved insight into human capital programs and additional measures are being developed to determine the effectiveness of strategies articulated in the plan.

The Department did not meet its FY 2008 performance goal for the number of material weaknesses closed, closing two and not three weaknesses. No material weaknesses are expected to be closed for FY 2009.

The Department works to attract and retain the best talent while rewarding employees for their individual performance. Building a stronger management infrastructure through Department-wide management training and by linking organization accomplishments to individual performance is a key step. The Department's leadership strives to create an environment that offers purposeful, challenging work in a constructive performance culture. TWM has laid a foundation that is focused on results-oriented performance, leadership succession planning, and accountability, not only to maintain the present skills base and diversity in the Department's workforce, but to also meet future human resource needs. The Department-wide succession plan ensures that future management acquires appropriate skills to enable them to lead the Department in an ever-changing environment.

The offices comprising the TWM budget activity are committed to ensuring accountability and a well understood strategic direction in order to build a world-class organization. In FY 2008, offices have worked to objectively monitor their progress toward program outcomes and Treasury's strategic objectives.

#### ***Enhance security of information technology***

The Treasury Department strives to provide a secure information technology infrastructure. Treasury strengthened its networks by encrypting 99.8 percent of laptops, 99.7 percent of digital assistants, testing 98 percent of system contingency plans, certifying and accrediting 97 percent of systems, strengthening security policies, and implementing enhanced safeguards to reduce exposure to Internet-based threats. The

Department recognizes the importance of cyber security in fulfilling its mission. In fiscal year 2008, Treasury made significant progress in strengthening security configuration management, which was noted as a significant deficiency in fiscal year 2007. The Federal Information Security Management Act (FISMA) 2008 audit found no significant deficiencies in information security, and the Department's remaining material weakness in this area was formally closed.

***Created the Privacy and Treasury Records (PTR) office***

Treasury is committed to maintaining, collecting, using, and disseminating information necessary to carry out its mission. PTR was created to strengthen the Department's privacy program and records management. PTR will ensure that Treasury has a system in place to serve and inform the public, and the PTR will strengthen the Department's compliance with privacy and disclosure requirements.

***Developed human capital measures***

In fiscal year 2008, the Department developed two human capital performance measures. The first measure is designed to assess progress in developing a high-performance, talented, and diverse workforce; the second measure is designed to assess Treasury's standing as a highly desirable employer of choice.

***Strengthen corporate leadership***

The Treasury Department has made a significant effort in 2008 to promote corporate governance. In addition to daily meetings of the senior leadership team, weekly bureau head meetings, and monthly Treasury-wide council meetings, the Department has taken several actions to improve corporate management. An Executive Review Board was re-established for major IT capital investments to better engage department and bureau executive leadership in IT decision making.

The Human Capital Strategic Plan was revised, identifying the factors that will shape the future workforce environment of the agency and the corporate strategies that are needed to meet these challenges. Strategic sourcing continued to implement its corporate approach to procurement, saving thousands, and improving governance, communication, and training across the agency. A prototype Treasury performance scorecard was developed for the financial outcomes described in the Department's strategic plan.

Corporate governance activities were consistently monitored and any gaps in the process were identified. These included strategic planning, financial management, asset management, information technology, risk management, human capital, procurement, performance management, privacy and records management, and emergency/continuity program management.

**3F – Administration Programs** (\$100,286,000 from direct appropriations and \$12,216,000 from reimbursable programs): Administration Programs provides

operational support and shared services to all offices within DO, including activities such as accounting, budgeting, human resource management, information technology services, procurement services, facilities support, and travel services. Approximately one-third of this budget activity is dedicated to information technology support (desktop computers, printers, faxes, copiers, helpdesk support, etc.). Another one-third consists of shared services: GSA rent, utilities, telecommunications, printing and graphics, public transit subsidy, workers compensation, and financial system support. The final third consists of employee salaries, routine building maintenance, and custodial services.

### 3.2.6 – Administration Programs Budget and Performance Plan

Administration Programs Budget Activity						
Resource Level	FY 2006 Obligations	FY 2007 Obligations	FY 2008 Obligations	FY 2009 ARRA	FY 2009 Enacted	FY 2010 Request
Appropriated Resources	\$63,094	\$75,154	\$82,630	\$0	\$91,604	\$100,286
Reimbursable Resources	0	3,028	3,837	0	17,016	12,216
<b>Total Resources</b>	<b>\$63,094</b>	<b>\$78,182</b>	<b>\$86,467</b>	<b>\$0</b>	<b>\$108,620</b>	<b>\$112,502</b>
<b>Budget Activity Total</b>	<b>\$63,094</b>	<b>\$78,182</b>	<b>\$86,467</b>	<b>\$0</b>	<b>\$108,620</b>	<b>\$112,502</b>

No specific performance goals/measures are presented for this budget activity as the work of the offices within this budget activity is captured within the other budget activities.

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**

---

### **4A – Human Capital Strategy Description**

The Departmental Offices (DO) Office of Human Resources (OHR) helps ensure the availability of human resources tools required to manage the human capital which support strategic goals and mission accomplishment. OHR does this through the provision of sound advice and guidance on matters of staff employment, retention, recognition, employee relations, benefits, performance, and development.

### **FY 2008 Accomplishments**

**HC Strategic Goal 1: Organizational Effectiveness** – *To achieve organizational effectiveness; accomplish mission objectives through the alignment of human capital plans, strategies, and systems.*

- OHR used the latest results from its customer surveys and focus groups to assess the effectiveness of DO human capital initiatives and improve performance management, alternate work arrangements, and staff development programs. The revision of critical policies and procedures ensures that DO's human capital programs are efficient and in compliance with all existing regulations and statutes.
- Each program office in partnership with OHR identified employee skill gaps and developed detailed succession plans to enable Treasury headquarters to maintain talented and skilled staff necessary to accomplish its missions.
- OHR has placed a renewed emphasis on the need for staff development and workforce analysis by designing new supervisory leadership development training programs. Leadership training programs ensure that there is a qualified talent pool for senior career management positions. The Treasury Learning Management System (TLMS) has been partially implemented with full utilization targeted by October 1, 2008.

**HC Strategic Goal 2: Recruitment and Diversity** – *Recruit and hire a highly skilled and diverse workforce aligned with business goals.*

- OHR received an extension of its direct-hire authority for positions within the intelligence community in support of the Office of Intelligence and Analysis (OIA). OHR continues to work closely with OIA to develop new staffing tools and methods to quickly fill analyst positions to support anti-terrorist efforts.
- DO continues its exercise of excepted appointments - Presidential Management Fellows; the Student Career Experience Program; DO specific fellowship programs; and other authorities - to ensure that new talent is hired as quickly as possible. DO actively supports initiatives aimed at increasing the diversity of its workforce, including the use of student interns through organizations such as the Hispanic

National Internship Program and the Washington Internships for Native American Students (WINS).

- To remain competitive with other employers, DO continues to advocate for the use of all pay and workplace scheduling flexibilities: recruitment bonuses, superior qualifications appointments, alternative work schedules, and tele-work.

**HC Strategic Goal 3: Employee Retention and Satisfaction** – *Retain a high performing workforce while maintaining an environment conducive to a high level of employee satisfaction.*

- OHR has continued to conduct “Benefits Brown Bag” sessions. These one-hour sessions address staff benefit programs and help employees make more informed choices.
- Because of the number of DO employees eligible to retire within the next five years, OHR contracted with an outside vendor to provide several retirement seminars during this fiscal year.
- Revisions to the New Employee Orientation program will include organizational awareness, so that new employees take pride in DO’s mission.
- Feedback will be solicited as to the effectiveness of human capital programs and initiatives. An automated exit survey was implemented to identify the reasons why individuals are separating from the agency. This will identify barriers to staff engagement and job satisfaction.

**HC Strategic Goal 4: Information Technology** – *Enhance workforce capabilities to support the use of current, new, and evolving technologies.*

- Plans are underway with HR Connect to implement the E-OPF (Official Personnel Folder) initiative mandated by the Office of Personnel Management by FY 2010. Electronic employment files will contribute to meeting the challenges associated with employment data needs during government shutdowns, unexpected emergencies, or quick turn around requests.
- Implementation of the TLMS will provide DO employees 24 hour access to an online learning system, which will help them achieve their professional and personal development goals at no added cost to their program offices. It will also allow managers to find solutions to their succession planning efforts by identifying critical skill gaps within their programs.
- Concerted efforts have been made to encourage staff to register in the HR Connect system and update their personal information.

## **FY 2009 Challenges**

DO faces a number of human capital challenges:

**Challenge:** *Increasing competition from the private sector and other government agencies for mission-critical positions, such as intelligence analysts, economists, and information technology specialists.*

### **Strategies for Addressing Challenge**

- Increase education about and support of a variety of hiring and retention flexibilities and incentives: such as direct hire (where request to OPM is appropriate), superior qualifications appointments, recruitment bonuses, student loan repayment, retention allowances, alternative work arrangements/schedules, and other work life issues.
- Expand the use of outside resources, such as the Corporate Executive Board Recruiting Roundtable, to explore cutting edge strategies to meet DO's most challenging recruitment goals.
- Enhance workplace flexibilities and employee assistance programs to attract good applicants, increase employee job satisfaction, and retain them for years to come.

**Challenge:** *The loss of institutional knowledge through retirement, particularly for critical subject experts, managers, and senior executives.*

### **Strategies for Addressing Challenge**

- Increase the emphasis on determining leadership bench strengths as well as supporting leadership and executive development programs that help to identify and prepare cadres of future leaders, and gain approval to hire at a level needed to continue to meet mission objectives.
- Coordinate with DO program offices to identify succession issues and develop appropriate strategies, emphasizing an overall need to conduct workforce planning to transition and maintain technical knowledge.
- Implement a broad, systematic approach whereby both line staff and management can assess individual staff training needs and funding each year.
- Make broad use of programs to hire private sector retirees who have an interest in public service.

**Challenge:** *Continue to develop a results-oriented performance management culture within DO.*

### **Strategies for Addressing Challenge**

- Monitor the revised performance management policy to ensure commitments are clearly linked to organizational goals, are measurable, and are results-based.
- Conduct reviews of DO program offices to ensure staff have performance plans and are receiving timely feedback from their supervisors.
- Ensure performance awards are based on objective, relevant, merit-based criteria and distributed in a fair manner.
- Provide ongoing workshops and guidance to program offices on how to develop appropriate performance commitments that meet the criteria of the OPM certification process.



## 4.1 – Summary of IT Resources Table

Dollars in Thousands

Information Technology Investments 1/		FY 2007	FY 2008		FY 2009		FY 2010	
Major IT Investments/Funding Source	Budget Activity	Enacted	Enacted	% Change from FY07 to FY 08	Enacted	% Change from FY08 to FY09	Request	% Change from FY09 to FY10
Treasury Foreign Intelligence Network (TFIN)	Terrorism and Financial Intelligence (TFI)	\$0	\$3,000	N/A	\$3,000	0.0%	\$4,200	40.0%
Subtotal, Major IT Investments		\$0	\$3,000	N/A	\$3,000	0.0%	\$4,200	40.0%
Non-Major IT Investments		\$5,112	\$6,979	36.5%	\$9,018	29.2%	\$9,408	4.3%
Infrastructure Investments		\$0	\$0	N/A	\$0	N/A	\$0	N/A
Enterprise Architecture		\$0	\$0	N/A	\$0	N/A	\$0	N/A
Total IT Investments		\$5,112	\$9,979	95.2%	\$12,018	20.4%	\$13,608	13.2%

1/ This chart includes appropriated resources only and may not reflect total project costs.

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

As the steward of the United States government's finances, the Treasury Department plays a critical role in U.S. and global economies. The Department effectively manages the Federal Government's finances, promotes economic opportunity at home and abroad through sound fiscal policy, works for entitlement reform, strengthens trade and investment policies, and maximizes voluntary tax compliance. Comprised of thirteen bureaus, each with at times very disparate missions, the Treasury Department collects over \$2 trillion annually, manages over \$8 trillion in debt and performs more than \$58 billion in daily cash transactions. Successfully executing on this mission requires not only an extreme focus on protecting the security of the nation's monetary assets, but also on stimulating U.S. economic growth and strengthening financial institutions and markets. None of this could be done today without Information Technology.

As Treasury's goals and objectives shift to address new economic challenges, so must its IT capabilities. In developing our Information Technology Strategy it is the Department's goal to provide an enterprise-wide set of information technology capabilities that are effective, efficient, flexible and elastic. In summary, the IT Strategy is built on four major tenets:

- 1) The Department will seek to continually transform Treasury's IT organization to further enhance its enterprise efficiency and effectiveness. This will be done through an even tighter focus on IT infrastructure optimization, even greater leverage of business and IT capabilities across the Department, and by further enabling an agile, delivery focused IT organization.
- 2) The Department will continually provide innovative solutions to its business needs while also ensuring the long term viability of our core systems. Treasury will enable this by becoming an information centric organization, by ensuring its core platforms are operating as efficiently and effectively as possible, by further enabling its mobile workforce and by delivering solutions that promote greater transparency to the public, and collaboration with its partners.
- 3) The Department will ensure all of its IT capabilities are adequately secure, robust and reliable enough to serve department-wide needs. In support of this, the Department will establish even tighter control and protection of its information assets and it will continually enhance its information and communication services to make them as reliable and robust as economically viable.
- 4) The Department will provide high quality solutions by being diligent in its focus on enabling our people, improving our processes, managing risk, and meeting customer's needs.

The Treasury Office of the Chief Information Officer (OCIO) facilitates and guides the implementation of the Department's IT strategy. OCIO also provides a range of direct IT services to the Departmental leadership offices and Treasury Bureaus. For example,

OCIO operates the IT infrastructure for the Office of the Secretary, manages the Department's wide area network, and administers an array of business specific applications that make necessary data available for the Secretary to make timely decisions on yield curve and interest rates, support the Office of Intelligence Analysis with the ability to communicate timely data with the intelligence community, and facilitate the administrative operations of the Department.

The OCIO also leads department-wide IT endeavors that address common needs among the Treasury bureaus, such as Internet services, identity and access management services, content management solutions, and systems that help automate financial analysis/reporting, human resources management, and travel support.

For 2009-2010, a particular area of department-wide focus is achieving cost efficiency and performance improvements by optimizing the IT Infrastructure through use of new technologies such as virtualization and Web enablement.

## 4.2 – Program Assessment Table

**Program Name:** Economic and Trade Sanctions Program - OFAC

**Year rated:** FY 2002

**Rating:** RND

### OMB Major Findings/Recommendations

1. The program lacks long-term performance goals with specific targets.
2. The program has not yet instituted annual performance goals to determine the effectiveness of its sanctions.
3. The program is lacking unit cost measures.

### Bureau Actions Planned or Underway

1. Working to develop long-term performance goals with specific timeframes and measures.
2. Adopting annual performance goals and aligning them with the long-term performance goals.

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

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