

## Overview

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### Mission Statement

Maintain a strong economy and create economic and job opportunities by promoting the conditions that enable economic growth and stability at home and abroad, strengthen national security by combating threats and protecting the integrity of the financial system, and manage the U.S. Government's finances and resources effectively.

### Program Summary by Budget Activity

Dollars in Thousands

Appropriation	FY 2010 Enacted*	FY 2011 Annualized CR Level**	FY 2012 Request**	FY 2010 to FY 2012	
				\$ Change**	% Change**
Executive Direction	\$21,983	\$33,465	\$38,098	\$16,115	73.3%
International Affairs and Economic Policy	\$47,249	\$70,037	\$68,349	\$21,100	44.7%
Domestic Finance and Tax Policy	\$48,580	\$71,738	\$84,562	\$35,982	74.1%
Terrorism and Financial Intelligence	\$64,611	\$96,386	\$92,605	\$27,994	43.3%
Treasury-wide Management and Programs	\$22,679	\$33,262	\$41,275	\$18,596	82.0%
Administration Programs	\$99,786	\$0	\$0	(\$99,786)	(100%)
<b>Total Appropriated Resources</b>	<b>\$304,888</b>	<b>\$304,888</b>	<b>\$324,889</b>	<b>\$20,001</b>	<b>6.6%</b>
<b>Total FTE</b>	<b>1,266</b>	<b>1,266</b>	<b>1,341</b>	<b>75</b>	<b>5.9%</b>

\*This does not include funding provided by Public Law 111-212 nor transfers.

\*\*FY 2011/2012, numbers and percentage changes reflect the reallocation of the Administration Programs dollars to their respective budget activities, resulting in across-the-board increases to other budget activities.

### FY 2012 Priorities

In developing the FY 2011 budget and performance plan, the Department of the Treasury identified high priority performance goals that continue to be the focus in FY 2011 and FY 2012.

#### **Goal 1: Repair and reform the financial system**

Measures and milestones:

- Implement strong, comprehensive regulatory reform to restore stability and accountability to the financial system.

#### **Goal 2: Increase voluntary tax compliance**

Measures and milestones:

- Make progress against the Tax Gap through improved service and enhanced enforcement of the tax laws
- Assist Americans in voluntarily meeting their tax obligations

#### **Goal 3: Significantly increase the number of paperless transactions with the public**

Measures and milestones:

- Increase electronic payment, collections, and savings bonds transactions by 33 percent by the end of FY 2011.
- Increase individual E-file rate to 80 percent.

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## **Section 1 – Purpose**

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

Departmental Offices (DO), as the headquarters bureau for the Department of the Treasury, provides leadership in economic and financial policy, terrorism and financial intelligence, financial crimes, and general management. The Secretary of the Treasury has the primary role of 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 FY 2012 budget request supports DO's leading role in accomplishing key objectives:

- ***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 will continue to develop and implement policies that promote economic growth as well strengthen global financial stability in order to maintain America's economic strength and prosperity. 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 and through ownership of administrative costs.

## 1B – Program History and Future Outlook

### *Securing America's Economic and Financial Future and Managing the Government's Finances*

#### **Domestic Finance**

The Office of Domestic Finance covers policy issues in the U.S. banking and financial systems, financial stability, federal government financing, fiscal affairs, and related economic and financial matters. The office was at the center of Treasury's response to the financial crisis, and led the effort for financial regulatory reform legislation. Key priorities for Domestic Finance include the implementation of that legislation, including the creation of the Federal Insurance Office, and the reform of the nation's housing finance system.

#### **Office of Financial Institutions**

Key areas of recent work and future priorities include:

*Reforming the U.S. financial regulatory system.* Treasury took the lead in developing and promoting sweeping financial regulatory reform legislation, culminating in the enactment of the Dodd-Frank Wall Street Reform and Consumer Protection Act in July 2010. Implementation of that legislation is now an important focus of the office, including the establishment of a Federal Insurance Office within the Office of Financial Institutions; a Financial Stability Oversight Council; and the independent Consumer Financial Protection Bureau.

*Managing diverse financial institution regulatory issues.* The Office of Financial Institutions has led Treasury efforts in a diverse range of other financial regulatory matters, including amending the Preferred Stock Purchase Agreements with Fannie Mae and Freddie Mac, supporting the Secretary as a board member on the Pension Benefit Guaranty Corporation, and representing Treasury on the board of the Securities Investor Protection Corporation.

*Supporting small business and community development, addressing the foreclosure crisis, and ensuring strong housing policies going forward.* The Office of Small Business, Community Development, and Affordable Housing Policy was established in 2010. It focused on legislation that would encourage job creation by providing small businesses with access to credit through the Small Business Lending Fund and the State Small Business Credit Initiative and will play an important part in shaping housing finance policy. The office also coordinates Treasury's involvement in the design and implementation of community development initiatives. Recently, the office has helped lead Treasury's response to reports of errors in foreclosure processing and mortgage servicing, including Treasury's role on the interagency foreclosure task force.

*Promoting financial education and access to financial services.* The Office of Financial Education and Financial Access serves a key leadership role with respect to the President's Advisory Council on Financial Capability and the Financial Literacy and Education Commission. The office is helping prepare for the implementation of the Bank on USA Initiative, and in partnership with Domestic Finance's Fiscal Service and the Internal Revenue Service, is piloting a program to use the tax refund process to further Treasury's all electronic payment effort and provide financial access to the unbanked.

### Office of Financial Markets

The Office of Financial Markets is responsible for a broad array of critical national policy functions related to financial markets. Key highlights of its work include:

Financing the federal debt. For FY 2010, the Office of Debt Management conducted 293 auctions, issuing over \$8.3 trillion in marketable securities and raising nearly \$1.5 trillion in new cash. New cash in FY 2010 was below the record of \$1.8 trillion in FY 2009 but still substantially above the \$760 billion in FY 2008. Treasury auctions in FY 2010 witnessed unprecedented demand, and Treasury extended the average maturity of the debt out to its historical average.

Reforming the U.S. housing finance system. In FY 2010, the Administration engaged in a policy process aimed at reform of the housing finance system and the Government Sponsored Enterprises. This process will continue into FY 2011, when the Administration plans to release its proposal for housing finance reform.

Promoting interagency coordination. The Office of Financial Markets plays a critical role in setting the agenda and managing processes around inter-agency projects on financial markets. Recently, the office has undertaken projects on the securitization market, repossession market, equity market structure, over-the-counter (OTC) derivatives, credit rating issues, and private advisers. With the passage of the Dodd-Frank Wall Street Reform and Consumer Protection Act, the office will continue to work closely with other agencies and organizations on regulatory, infrastructure, and market structure issues, while coordinating with the Financial Stability Oversight Council.

Modernizing Treasury's lending and investments. The Office of Policy and Legislative Review is working with the Bureau of the Public Debt and federal agency borrowers on new, comprehensive Treasury lending agreements with agency borrowers.

### Office of Research and Quantitative Studies

The Office of Research and Quantitative Studies was created to enhance Treasury's capacity to provide high-quality, time-sensitive research and analysis to inform financial policy development and to produce significant long-term, policy-related research. In FY 2011, the office will focus on a range of financial research issues, including capital requirements for the financial system, public debt management, housing finance reform, and systemic risk.

### Office of Fiscal Service

Key areas of recent work and future priorities for the Office of the Fiscal Assistant Secretary include:

All-Electronic Treasury. The Fiscal Service is making significant changes to increase the use of electronic transactions in Treasury operations. This initiative will save more than \$500 million over five years. Treasury will make many more of its payments electronically, will discontinue payroll paper savings bonds, and will eliminate paper coupons as an option for some businesses to pay taxes.

Promoting financial stability and supporting housing finance. Throughout FY 2010 and early FY 2011, the Fiscal Service continued to enhance the infrastructure and operating capability needed to support investments under the Emergency Economic Stabilization Act. Financial agents were employed to conduct auctions for the sale of equity warrants, dispose of large equity investments, advise on initial public offerings and corporate restructurings, and to support other capital markets transactions to return investment funds to the Treasury. In addition, the Fiscal Service implemented a restructuring of the Housing Finance Agency (HFA) Initiative under the Housing and Economic Recovery Act, to ensure state and local HFAs could make use of over \$14 billion in financing for new mortgages to first time homebuyers over the course of 2012.

Implementing programs under the American Recovery and Reinvestment Act (ARRA). The Fiscal Service has implemented two programs of cash payments in lieu of tax credits under ARRA. Treasury has made cash awards totaling nearly \$5.7 billion to 55 state housing agencies for low-income housing, and nearly \$6 billion to help fund over 5,300 renewable energy projects.

Consumer protection. In FY 2010, the Fiscal Service led an interagency work group to publish proposed regulations to solve the growing problem of garnishment of exempt federal benefits. The final rulemaking will be published with an effective date of May 1, 2011.

Office of Financial Innovations and Transformation. The Office of Financial Innovation and Transformation (OFIT) was developed and expanded to share, government-wide financial solutions to lower overall financial transaction processing costs, facilitate the resolution of audit issues, and increase transparency of financial information. In FY 2011, the first two OFIT products will be implemented. They include a portal for the electronic submission of vendor invoices and an automated way to settle intra-governmental transactions. OFIT has also identified a myriad of actions which could be implemented over the next five years with the potential to lower overall financial operational cost up to 20 percent.

### **Tax Policy**

The Office of Tax Policy develops and implements tax policies and programs, reviews regulations and rulings to administer the Internal Revenue Code and the tariff laws, negotiates tax treaties, and provides economic and legal policy analysis for domestic and international tax policy decisions. Tax Policy also provides revenue estimates for the President's Budget.

The Office of Tax Policy continues to provide critical support in implementing the Administration's and Congressional economic recovery programs. Providing policy oversight and conducting a review of regulations regarding the American Recovery and Reinvestment Act was a major FY 2010 project for the Office. Also, during FY 2010, the Office devoted significant resources to support the Administration's successful efforts to enact the Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act of 2010. The Office anticipates substantial work in FY 2011 developing and reviewing regulations and administrative guidance regarding this legislation.

## **Economic Policy**

The Office of Economic Policy monitors economic developments and trends in the United States and assists in the development of policies to stimulate economic growth and job creation. Analysis performed by Economic Policy staff enhances policymakers' understanding of key economic issues so that they are better able to formulate policies that will benefit the U.S. economy. In the past 18 months the office has concentrated significant resources on policy development and implementation related to financial stability, initiatives to create and maintain jobs, and health care.

Key areas of recent work and future priorities for the Office of Economic Policy include:

*Participating in the design and implementation of housing policies.* Economic Policy continues to participate in the implementation of the Making Home Affordable program, which helps at-risk, responsible homeowners stay in their homes by obtaining affordable loan modifications and refinancing. The Office will continue to remain active in the development of housing policies.

*Assisting in the development, evaluation, and tracking of numerous government economic incentive programs, including:* the development and evaluation of programs to assist small business financing; evaluating and tracking the American Recovery and Investment Act Build America Bonds; supporting the implementation of the Affordable Care Act through research and evaluation; the development and evaluation of initiatives to encourage and support job creation; and monitoring and analyzing critical trends and economic developments including the housing market and bank lending.

The Office has also provided expertise on policy development in the areas of climate change, energy and infrastructure. The Office produces the corporate bond yield curve as mandated by the Pension Protection Act of 2006. In addition, the office will continue to carry out its traditional responsibilities in the preparation of the Administration's budget and supporting the Secretary of the Treasury in his roles as Chairman and Managing Trustee of the Social Security and Medicare Boards of Trustees.

## **International Affairs**

Treasury's Office of International Affairs protects and supports U.S. economic prosperity by strengthening the external environment for U.S. growth and exports, preventing and mitigating global financial instability, and managing key global financial challenges. To advance this mission, International Affairs has focused on the following five policy priorities.

### *Supporting the Global Recovery to Help Promote U.S. Growth.*

Treasury has led global efforts to mitigate the impact of the global financial crisis and avert a more serious economic depression. Treasury secured strong multilateral support at the G-20 meetings and ensured a robust, coordinated policy response to reverse the global economic slide and take all necessary steps to restore public confidence, economic growth, and job creation for the U.S. economy. Treasury worked closely with the International Financial Institutions (IFIs) and other U.S. agencies via Treasury's technical assistance program, to rapidly respond to the global crisis, encouraging the IFIs to respond quickly with assistance and ensuring that they have adequate resources to do so. Treasury also led efforts to strengthen international financial

regulation through the Financial Stability Board to ensure high-quality standards around the globe.

*Deepening U.S. Engagement with Key Emerging Markets and Priority Countries.*

Treasury led efforts to encourage emerging market economies to pursue more balanced and sustainable growth patterns, open markets for U.S. exports, and create new job and economic opportunities for American workers. To this end, Treasury has expanded strategic dialogues with China, India, Russia, Afghanistan, Pakistan, and Iraq. Treasury has focused closely on currency adjustment and expanding export opportunities for American businesses to strengthen the U.S. economy, specifically working closely with China and other leading emerging markets. These engagements will continue in bilateral, regional, and multilateral channels.

*Maintaining Attractiveness of the U.S. Investment and Trade Environment.* Through a number of priority initiatives and responsibilities, Treasury promotes and reinforces open and transparent international trade and investment regimes at home and abroad. As Chair of the Interagency Committee on Foreign Investment in the United States (CFIUS), Treasury helps maintain an open investment environment by focusing CFIUS reviews of foreign investments solely and rigorously on protecting U.S. national security, consistent with statutory authority. Treasury also supports trade liberalization and budget discipline through its role in negotiating, implementing, and policing international agreements to reduce official export subsidies. Treasury has drastically reduced the subsidies that member governments of the Organization for Economic Co-operation and Development provide when financing national exports, saving U.S. taxpayers \$800 million annually. Treasury actively fights to keep markets open by supporting efforts by the G-20 leaders to refrain from new protectionist measures during the global economic crisis.

*Supporting Poverty Reduction, Fragile States and Global Public Goods.* Treasury is actively engaged in managing key global challenges and development objectives, specifically supporting multilateral development efforts to help the world's poorest, combating climate change, and strengthening food security.

The Multilateral Development Banks have been “first responders” in the global response to the financial crisis. At the same time, these institutions are responding to increasing calls that they deliver public goods, such as intervention in fragile states and efforts to help developing countries mitigate or adapt to climate change.

Treasury, as part of the President’s commitment to address global hunger and food insecurity, is working with the World Bank, interested donors, and potential recipient countries to establish a new multi-donor trust fund that would provide financial support for poor countries committed to addressing their internal food security needs. The fund, which will complement our increased bilateral spending on agricultural development and food security, will leverage the expertise and experience of the multilateral development banks as well as the financial resources of other donors to increase the impact of U.S. food security investments.

Additionally, Treasury technical assistance helps aid recipients build financial management capacity, which improves the likelihood that funding will be used effectively.

*Supporting Efforts to Confront Global Climate Change.* Treasury leads U.S. environment and energy finance efforts in the G-20, assists the U.S. negotiating team on finance issues at United Nations climate negotiations, and manages U.S. interests and obligations in multilateral financial mechanisms that support environmental goals, including the Climate Investment Funds at the World Bank and the Global Environmental Facility, as well as the Tropical Forest Conservation Act. The Department also works to develop efficient and effective environmental and energy policies at the national level.

### ***Strengthening National Security***

#### **Terrorism and Financial Intelligence**

The Treasury Department, through its Office of Terrorism and Financial Intelligence (TFI), leads the U.S. Government's effort to keep the world's financial systems free and open to legitimate users, while excluding those who use the financial systems for illegal purposes.

In FY 2010, in keeping with its efforts to strengthen national security and protect the world's financial system, the Office of Foreign Assets Control (OFAC) engaged in more than 100 outreach events in the financial, trade, insurance, and securities industries to raise awareness of U.S. sanctions and to ensure compliance with those sanctions by U.S. persons. As part of its enforcement activities, the office imposed 18 separate civil penalties totaling nearly \$780 million for violations of the International Emergency Economic Powers and Trading with the Enemy Acts. These penalties fell across financial, international shipping, telecommunication, hospitality, chemical, maritime, aviation, manufacturing, electrical power, travel, insurance, construction, Internet, medical device, and general export industries. Several of these penalties involved joint investigations and settlements with other state, federal, and international regulatory and investigative authorities. A substantial percentage (in terms of dollar value) of these penalties were levied against two foreign financial institutions for egregious violations of these sanction programs.

OFAC continued its goal to stem the flow of resources to weapons of mass destruction (WMD) proliferators, terrorists, narcotics traffickers, persons contributing to regional violence in Africa and those who support these individuals and groups. In FY 2010, Treasury designated 38 entities and individuals under Executive Order 13382 -- an authority aimed at freezing the assets of weapons of mass destruction proliferators and their supporters. These included designations against front companies for the Islamic Republic of Iran Shipping Lines (IRISL), Iran's national shipping line, and three Iranian-owned financial institutions. Treasury also targeted six individuals pursuant to Executive Order 13413 targeting political or military leaders of foreign armed groups operating in African continent. Executive Order 13551 was issued to address the situation in North Korea, including an annex that resulted in the designation of one individual and three entities. Executive Order 13536 was issued to address the situation in Somalia. It included an annex that resulted in the designation of 11 individuals and one entity. Additionally, Treasury identified 43 entities were identified as Government of Iran pursuant to the Iran Transaction Regulations.

In FY 2010, Treasury designated 23 entities and individuals as Specially Designated Global Terrorists pursuant to Executive Order 13224. These actions included the designation of Anwar

Al-Aulaqi, a leader of Al-Qaida in the Arabian Peninsula (AQAP) who was responsible for focusing AQAP's attention on planning attacks on U.S. interests and two Gaza-based entities who provided direct support to Hezbollah.

Under its counter-narcotics sanctions programs, the office identified numerous individuals and their organizations as drug kingpins under the Foreign Narcotics Kingpin Designation Act. OFAC designated 98 individuals and 20 entities in Mexico under the Kingpin Act, including key leaders, operatives and fronts of Mexico's Sinaloa, La Familia, Tijuana, and Gulf and Los Zetas drug cartels, as well as a drug trafficking network based out of Guatemala. Treasury also designated under the Kingpin Act three leaders of the PKK in Turkey as drug traffickers, as well as FARC (Revolutionary Armed Forces of Colombia) trafficking associates in Colombia, and a major trafficker and associated entities based out of Africa. Additionally, Treasury designated 42 individuals and 54 entities pursuant to Executive Order 12978 targeting drug trafficking centered in Colombia, including a Colombian money service business and a drug trafficking organization centered in Medellin, Colombia.

During FY 2010, financial and other institutions examined by supervisors demonstrated a high level of awareness of and compliance with OFAC sanctions programs. In support of this claim, OFAC notes that 9,643 items were blocked or rejected involving over \$970 million in United States dollars.

Several European banking regulators cooperated with investigations by OFAC and other U.S. Government law enforcement offices to ensure that systemic U.S. sanctions evasion efforts by foreign financial institutions were addressed. The cooperation led to more than \$750 million in civil penalties against foreign financial institutions for violations of U.S. sanctions, increased compliance with U.S. sanctions in several jurisdictions outside of the United States and resulted in ongoing monitoring by the institutions' foreign regulators.

The Office of Terrorist Financing and Financial Crimes (TFFC) serves as the lead or co-chair on several international working groups within the Financial Action Task Force (FATF) and FATF-style regional bodies (FSRB). These working groups have produced valuable guidance and reports for identifying and addressing vulnerabilities in the international financial system. This international outreach effort promotes financial system standards and safeguards through bilateral relationships and multilateral organizations. In FY 2010, TFFC participated in or reviewed over 65 mutual evaluations or assessments of jurisdictions' compliance with international anti-money laundering, terrorist financing, and counter-terrorist financing (AML/CFT) standards. In FY 2011, TFFC is planning to evaluate or review 40 or more mutual evaluations or assessments – FATF and FSRB evaluations and assessments are cyclical in nature, thus the fluctuation in the norm. Additionally, the office offered training and other technical assistance to counterparts abroad working to create effective anti-money laundering frameworks and financial regulation and oversight capable of combating terrorist finance. Further, the office promulgates policy related to money laundering and related financial crimes, including addressing emerging value transfer mechanisms and other challenges to financial transparency. Throughout the year and continuing this effort in the next fiscal year, the office will develop conduct-based sanctions and executive orders to target illicit actors and will work closely with the private sector, both individuals and financial institutions, to amplify these targeted measures.

Staff also worked with counterparts in foreign governments to extend U.S. sanctions efforts through corresponding sanctions in foreign jurisdictions. In FY 2011, TFFC plans to continue to work with foreign counterparts to influence the enactment of AML/CFT laws and craft strategies to jointly attack terrorist financing both globally and within specific regions.

The Office of Intelligence and Analysis (OIA) continues to enhance its efforts to provide timely, accurate, actionable, and policy-relevant intelligence analysis by reinforcing its core mission areas to keep pace with foreign national and transnational threats and challenges. To confront these and other security issues, OIA instituted the Global Finance Initiative (GFI), advancing financial intelligence as part of a comprehensive approach to these challenges. The GFI promotes international financial stability and protects the integrity of the financial system by enhancing intelligence community efforts to address four areas:

- the financial underpinnings of national security threats
- foreign leadership's and adversaries' plans, intentions, and financial vulnerabilities;
- the impact of targeted financial measures and other instruments of national power; and
- threats to the international financial system.

As the Treasury Department's national security role has grown, so has its potential as a target for foreign intelligence services and non-state actors such as terrorists and criminal groups – requiring OIA to step up its efforts to address this counterintelligence threat. In meeting its customers' needs, OIA supports the *National Intelligence Strategy* mission objectives, such as combating violent extremism, countering weapons of mass destruction proliferation, and integrating counterintelligence.

### ***Producing Effective Results***

#### **Management and Administration**

Departmental Offices continues to provide effective management tools necessary to execute its mission. Essential components required for achieving the Departmental Offices mission include human resources, emergency planning, information technology, financial services, disclosure services, and procurement.

Treasury Procurement exceeded its FY 2010 goals for competition, performance-based acquisitions, and socioeconomic categories of small, woman-owned, service disabled veteran-owned and disadvantaged businesses. The Administration issued July 29, 2009 guidance that required achieving acquisition-related savings in FY 2010 and 2011 (3.5 and 7 percent per year) and 10 percent reduction in high risk contracting obligations in FY 2010. Treasury exceeded both goals in FY 2010, documenting \$237 million in savings versus the goal of \$158 million, and achieving \$129 million in high risk contracting reductions versus the goal of \$48 million. Institutionalization of efficiency efforts, particularly strategic sourcing of commodities and services, is critical to Treasury's leveraging of cross-Departmental resources to ensure mission accomplishment in more restrictive budgetary environments. Treasury has committed to a multi-faceted approach to deep integration of the right processes and capabilities required for a comprehensive strategic sourcing program.

In April 2010, the Office of the Deputy Assistant Secretary for Privacy, Transparency, and Records released the Department's Open Government plan, in response to OMB guidance requiring each major agency to publish an Open Government Plan to include a Flagship Initiative. Each plan and Flagship Initiative is unique to the agency that developed it. Treasury's plan provides insight and steps on how the Department would participate, collaborate, and move toward transparency both internally and externally and communicate better with the American public. An Open Government webpage was also launched and the office is working with all Treasury bureaus to proactively post data sets that are of interest to the American public. Part of the Treasury Open Government plan included the Flagship initiative "Moving to a Paperless Treasury". Efforts toward a paperless Treasury include Treasury Library Digitization for historical and legislative documents and improving the public's experiences when interacting with Treasury to obtain publically available information. In partnership with the Office of the Chief Information Officer, the office launched a Treasury-wide Enterprise Content Management (ECM) project to begin electronic management of digitally created documents, routing, correspondence tracking, and Freedom of Information Act requests.

The Deputy Assistant Secretary for Human Resources and Chief Human Capital Officer (DASHR/CHCO) has functional responsibility for Human Capital Strategic Management, Diversity and Civil Rights, and Training and Development Department-wide. During FY 2010, DASHR/CHCO led a number of Treasury-wide strategic initiatives to implement the Administration's hiring reform agenda, including simplifying the vacancy announcement process, ensuring applicant notification of status at the four "touch points", improving veterans' hiring, and developing a closer partnership with Treasury's labor unions. The Department continued working strategies to improve the hiring of individuals with disabilities, and rolled out a Treasury-wide exit survey, based on the results of a pilot survey, to identify systemic causes of employee attrition. The Department also focused on leadership by developing a Treasury-wide Firstline Leadership Development course for supervisors in concert with the Office of Personnel Management, and assessing the succession risk of all key leadership positions Department-wide. Leadership, and improving leadership scores, was a major focus of the Department and its bureaus in FY 2010. The Department increased its best places to work ranking significantly in FY 2010, being the second most improved agency across the government. Planned improvements include further implementation of hiring reform, increasing hiring of veterans and veterans with disabilities, Treasury-wide program administration and cross-bureau action and resolution of low scoring workplace/worklife issues, ensuring effective recruitment, selection, hiring, , implementing a Department-wide 360° executive leadership feedback program to improve leadership skills across the Department, and support stand-up of the Bureau of Consumer Financial Protection and other offices included in the Dodd-Frank Wall Street Reform and Consumer Protection Act.

The Treasury Office of the Chief Information Officer (OCIO) is at the forefront of the federal government in implementing cloud solutions. The Department's flagship site, Treasury.gov, recently relaunched on a commercial public-cloud platform, a first for a cabinet-level federal agency. Treasury's decision to move its flagship site to a public cloud infrastructure reflects the Administration's commitment to closing the IT gap between the public and private sectors by leveraging the power of technology. Use of cloud computing increases cost effectiveness, improves efficiency, and provides greater flexibility, as the private industry sector has proven.

The new Treasury.gov website is a major step forward in the Department's efforts to improve the way citizens access the wealth of data and information Treasury produces on a day-to-day basis.

## Section 2 – Budget Adjustments and Appropriation Language

### 2.1 – Budget Adjustments Table

Dollars in Thousands

Departmental Offices - S & E	FTE	Amount
FY 2010 Enacted Budget	1,266	\$304,888
FY 2011 Continuing Resolution	1,266	\$304,888
<b>Changes to Base</b>		
<b>Adjustment to Reach Policy Level</b>		
Adjustment to Reach FY 2011 President's Policy	76	\$39,707
<b>Subtotal, Adjustment to Reach Policy Level</b>	76	\$39,707
<b>Maintaining Current Levels (MCLs)</b>		
Non-Pay, Pay & Benefits and Pay Annualizations	0	\$3,215
<b>Subtotal, Maintaining Current Levels (MCLs)</b>	0	\$3,215
<b>Transfers Out</b>		
Procurement Transfer to IRS	(9)	\$0
<b>Subtotal, Transfers Out</b>	(9)	\$0
<b>Efficiencies, Savings &amp; Base Reductions</b>		
Streamlining Management	(23)	(\$6,400)
Administrative Efficiency Savings	0	(\$2,635)
Non-recur of Alpha Computers	0	(\$2,750)
Non-recur of Domestic Finance Contracts	0	(\$1,596)
Federalizing the IT Workforce	20	(\$1,000)
Multilateral Meeting Support Savings	0	(\$1,974)
Summit Support Representation Funds	0	(\$200)
Non-Recur of ODM Information Technology	0	(\$1,550)
Non-recur of Program Evaluation	0	(\$5,292)
Terrorism and Financial Institutions (TFI) Office Efficiency Savings	0	(\$4,349)
TFIN Savings	0	(\$1,200)
<b>Subtotal, Efficiencies, Savings &amp; Base Reductions</b>	(3)	(\$28,946)
<b>Subtotal, Changes to Base</b>	64	\$13,976
<b>Total, FY 2012 Base</b>	<b>1,330</b>	<b>\$318,864</b>
<b>Program Changes</b>		
<b>Program Increases</b>		
Dodd-Frank Implementation	11	\$5,525
Domestic Finance (DF) Recovery Act	0	\$500
<b>Subtotal, Program Increases</b>	11	\$6,025
<b>Subtotal, Program Changes</b>	11	\$6,025
<b>Total, FY 2012 Request</b>	<b>1,341</b>	<b>\$324,889</b>

## 2A – Budget Increases and Decreases Description

### **Adjustment to Reach FY 2011 President’s Policy Level ..... +\$39,707,000 / +76 FTE**

Adjustment from the FY 2011 Annualized Continuing Resolution (CR) Rate to reach the FY 2011 President’s Policy Level. The President’s Policy Level is equal to the FY 2011 President’s Budget as adjusted for the proposed pay freeze.

### **Maintaining Current Levels (MCLs) ..... +\$3,215,000 / +0 FTE**

Funds are requested for inflation adjustments in non-labor expenses such as GSA rent adjustments, postage, supplies and equipment and health benefits and the increase in Federal Employee Retirement System participation. No inflation adjustment is requested for pay in FY 2012.

### **Transfers Out ..... +\$0 / -9 FTE**

#### Procurement Transfer to IRS +\$0 / -9 FTE

Transfer the functions of the Departmental Offices Procurement Services Division to the Internal Revenue Service.

### **Efficiencies, Savings & Base Reductions ..... -\$28,946,000 / -3 FTE**

#### Streamlining Management -\$6,400,000 / -23 FTE

Savings will be achieved through a number of management initiatives, including the non-recur of FY 2011 one-time initiative support costs, consolidation of IT contractor services, reduction of overtime, and other services.

#### Administrative Efficiency Savings -\$2,635,000 / +0 FTE

Savings will be achieved through a more efficient use of administrative activities and through non-recur of one-time costs.

#### Non-recur of Alpha Computers -\$2,750,000 / +0 FTE

Non-recur of one-time FY 2011 funds to upgrade the Department’s Alpha computers. Funds were requested in FY 2011 to upgrade these computers to replace old servers with 64 bit blade processors. These computers support several critical modeling systems, and FY 2011 funds should be sufficient to complete the upgrade.

#### Non-Recur of Domestic Finance Contracts -\$1,596,000 / +0 FTE

Non-recur \$1.596 million of a \$3.5 million FY 2011 increase to support research activities to allow Domestic Finance to obtain high-quality, time-sensitive research, data, and analysis to inform policy development.

#### Federalizing the IT Workforce -\$1,000,000 / +20 FTE

Net contract savings from converting IT contractors into federal employees while improving accountability, efficiency, and customer service within the department.

IA Multilateral Meeting Support Savings -\$1,974,000 / +0 FTE

Non-recur of FY 2011 funds to host international meetings, including G-8 meetings, a G-20 Ministerial and an Asia-Pacific Economic Cooperation (APEC) meeting, plus numerous other related meetings and workshops leading up to these events. It is expected that the United States will not be the primary host in FY 2012 for APEC or the G-20 meetings, resulting in savings from the FY 2011 request for funding.

Summit Support Representation Funds -\$200,000 / +0 FTE

Reduction in the increased FY 2011 financial support for attending annual economic summits with the G-7 and G-20 nations.

Non-Recur of Office of Debt Management (ODM) Information Technology -\$1,550,000 / +0 FTE

Non-recur \$1.550 million of program funds used to develop and modernize ODM's information technology system. The remaining \$1.450 million in the base will cover operations and maintenance.

Non-recur of Program Evaluations -\$5,292,000 / +0 FTE

Non-recur of FY 2011 requested in a government-wide competition to measure program effectiveness. Funding was one-time for specifically chosen studies.

Office of Terrorism and Financial Intelligence (TFI) Efficiency Savings -\$4,349,000 / +0 FTE

TFI will realize savings through the prioritization of staff travel; elimination of overseas support for its Brussels liaison; targeted procurement spending to save on contracts, IT licenses, subscriptions, and supplies; and by eliminating funding for its now completed responsibilities under United Nations Security Council Resolution 1822 which required agencies to address discrepancies in the terrorist financing designation list.

Treasury Foreign Intelligence Network -\$1,200,000 / +0 FTE

Remaining base funding will be used to support operations and maintenance expenses in FY 2012 and beyond.

**Program Increases ..... +\$6,025,000 / +11 FTE**

Dodd-Frank Wall Street Reform Act +\$5,525,000 / +11 FTE

Departmental Offices (DO) requests funds in FY 2012 to support Dodd-Frank Wall Street Reform and Consumer Protection Act activities. Treasury has taken the lead within the Administration in developing and promoting sweeping financial regulatory reform legislation, culminating in the enactment of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010. In FY 2011, Treasury's request focused on its immediate implementation needs under the Act. Since passage, the Department has been coordinating with other affected agencies to establish timelines for moving forward to set up new offices and begin work on the many studies, regulations, and other regulatory actions required by the Dodd-Frank Act. On all fronts, the Department is committed to move with speed, transparency, and commitment to ensure that the United States financial system remains the most competitive and fair financial system in the world. By FY 2012, the work of the new offices will be well underway, and many of the new regulations and required studies will have been written. Accordingly, the FY 2012 request is

focused on building the expertise necessary to fulfill Treasury's ongoing responsibilities under the Act and to monitor and develop policy in the areas where regulation was greatly expanded under the Act. Under the Dodd-Frank Act, the Department will create the Federal Insurance Office (FIO). The request includes FIO personnel and contract funding to provide Treasury leadership with the expertise needed to support the office in its industry oversight. In addition, the initiative includes resources for the build-out of IT systems and for data sources and market analysis regarding risks facing the insurance system. Resources are also requested to serve the expanded policy needs of Treasury's Office of Domestic Finance, in particular by expanding its capacity to analyze policy questions related to supervision of complex financial institutions, over the counter derivatives markets, capital standards, risk management, and accounting policy, and to coordinate Treasury responsibilities under the Dodd-Frank Act. This request also includes FTE dedicated to the Banking and Finance Office within the Office of General Counsel to provide paralegal support required by the expanded work of the Domestic Finance team. The Department is also requesting resources to establish the Office of Minority and Women Inclusion for Departmental Offices consistent Section 342 of the Dodd-Frank Act.

*DF Recovery Act +\$500,000 / +0 FTE*

Resources are requested to support Domestic Finance's implementation of the American Recovery and Reinvestment Act (ARRA) Cash Payments for Specified Energy Property in Lieu of Tax Credits. Funding will be used to maintain staffing levels for the program and pay the contract costs between Treasury and the National Renewable Energy Research Lab for processing the applications. Payments under this program continue through 2017.

## 2.2 – Operating Levels Table

Dollars in Thousands

Departmental Offices - S & E	FY 2010 Enacted	FY 2011 Annualized CR Level	Proposed Reprogram- mings	FY 2011 Proposed Operating Level	FY 2012 Request
<b>FTE</b>	<b>1,266</b>	<b>1,266</b>	<b>0</b>	<b>1,266</b>	<b>1,341</b>
<b>Object Classification:</b>					
11.1 Full-Time Permanent Positions	\$145,562	\$145,562	\$0	\$145,562	\$153,116
11.3 Other than Full-Time Permanent Positions	\$2,781	\$2,781	\$0	\$2,781	\$3,104
11.5 Other Personnel Compensation	\$197	\$197	\$0	\$197	\$757
11.8 Special Personal Services Payments	\$0	\$0	\$0	\$0	\$1,162
<b>Personnel Compensation (Total)</b>	<b>\$148,540</b>	<b>\$148,540</b>	<b>\$0</b>	<b>\$148,540</b>	<b>\$158,139</b>
12.0 Personnel Benefits	\$28,861	\$28,861	\$0	\$28,861	\$39,939
13.0 Benefits to Former Personnel	\$0	\$0	\$0	\$0	\$253
<b>Pay</b>	<b>\$177,401</b>	<b>\$177,401</b>	<b>\$0</b>	<b>\$177,401</b>	<b>\$198,331</b>
21.0 Travel	\$5,286	\$5,286	\$0	\$5,286	\$9,671
22.0 Transportation of Things	\$0	\$0	\$0	\$0	\$308
23.1 Rental Payments to GSA	\$5,427	\$5,427	\$0	\$5,427	\$4,161
23.2 Rent Payments to Others	\$0	\$0	\$0	\$0	\$174
23.3 Communications, Utilities, & Misc	\$14,889	\$14,889	\$0	\$14,889	\$8,466
24.0 Printing and Reproduction	\$2,715	\$2,715	\$0	\$2,715	\$2,737
25.1 Advisory & Assistance Services	\$47,213	\$47,213	\$0	\$47,213	\$37,531
25.2 Other Services	\$19,229	\$19,229	\$0	\$19,229	\$19,891
25.3 Purchase of Goods/Serv. from Govt. Accts	\$24,749	\$24,749	\$0	\$24,749	\$26,675
25.4 Operation & Maintenance of Facilities	\$900	\$900	\$0	\$900	\$1,233
25.5 Research & Development Contracts	\$0	\$0	\$0	\$0	\$0
25.6 Medical Care	\$0	\$0	\$0	\$0	\$0
25.7 Operation & Maintenance of Equipment	\$1,000	\$1,000	\$0	\$1,000	\$2,915
25.8 Subsistence & Support of Persons	\$0	\$0	\$0	\$0	\$0
26.0 Supplies and Materials	\$3,498	\$3,498	\$0	\$3,498	\$10,492
31.0 Equipment	\$2,581	\$2,581	\$0	\$2,581	\$2,303
32.0 Lands and Structures	\$0	\$0	\$0	\$0	\$0
33.0 Investments & Loans	\$0	\$0	\$0	\$0	\$0
41.0 Grants, Subsidies	\$0	\$0	\$0	\$0	\$0
42.0 Insurance Claims & Indemnities	\$0	\$0	\$0	\$0	\$0
43.0 Interest and Dividends	\$0	\$0	\$0	\$0	\$0
44.0 Refunds	\$0	\$0	\$0	\$0	\$0
<b>Non-Pay</b>	<b>\$127,487</b>	<b>\$127,487</b>	<b>\$0</b>	<b>\$127,487</b>	<b>\$126,558</b>
<b>Total Budget Authority</b>	<b>\$304,888</b>	<b>\$304,888</b>	<b>\$0</b>	<b>\$304,888</b>	<b>\$324,889</b>
<b>Budget Activities:</b>					
Executive Direction	\$21,983	\$33,465	\$0	\$33,465	\$38,098
International Affairs and Economic Policy	\$47,249	\$70,037	\$0	\$70,037	\$68,349
Domestic Finance and Tax Policy	\$48,580	\$71,738	\$0	\$71,738	\$84,562
Terrorism and Financial Intelligence	\$64,611	\$96,386	\$0	\$96,386	\$92,605
Treasury-wide Management and Programs	\$22,679	\$33,262	\$0	\$33,262	\$41,275
Administration Programs	\$99,786	\$0	\$0	\$0	\$0
<b>Total Budget Authority</b>	<b>\$304,888</b>	<b>\$304,888</b>	<b>\$0</b>	<b>\$304,888</b>	<b>\$324,889</b>

## 2.3 – Appropriations Detail Table

Dollars in Thousands

Resources Available for Obligation	FY 2010 Obligations		FY 2010 Enacted*		FY 2011 Annualized CR Level**		FY 2012 Request**		% Change FY 2010 to FY 2012**	
	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT
<b>Appropriated Resources:</b>										
Executive Direction	132	\$24,709	132	\$21,983	154	\$33,465	164	\$38,098	24.2%	73.3%
International Affairs and Economic Policy	243	\$47,539	243	\$47,249	287	\$70,037	275	\$68,349	13.2%	44.7%
Domestic Finance and Tax Policy	244	\$44,373	244	\$48,580	289	\$71,738	315	\$84,562	29.1%	74.1%
Terrorism and Financial Intelligence	346	\$63,601	346	\$64,611	407	\$96,386	431	\$92,605	24.6%	43.3%
Treasury-wide Management and Programs	109	\$27,193	109	\$22,679	129	\$33,262	156	\$41,275	43.1%	82%
Administration Programs	192	\$93,590	192	\$99,786	0	\$0	0	\$0	(100%)	(100%)
<b>Subtotal New Appropriated Resources</b>	<b>1,266</b>	<b>\$301,005</b>	<b>1,266</b>	<b>\$304,888</b>	<b>1,266</b>	<b>\$304,888</b>	<b>1,341</b>	<b>\$324,889</b>	<b>5.9%</b>	<b>6.6%</b>
<b>Other Resources:</b>										
Offsetting Collections - Reimbursable	150	\$66,045	150	\$66,045	137	\$91,498	137	\$91,498	(8.7%)	38.5%
Available multi-year/no-year funds										
Transfers In/Out										
Recoveries										
<b>Subtotal Other Resources</b>	<b>150</b>	<b>\$66,045</b>	<b>150</b>	<b>\$66,045</b>	<b>137</b>	<b>\$91,498</b>	<b>137</b>	<b>\$91,498</b>	<b>(8.7%)</b>	<b>38.5%</b>
<b>Total Resources Available for Obligation</b>	<b>1,416</b>	<b>\$367,050</b>	<b>1,416</b>	<b>\$370,933</b>	<b>1,403</b>	<b>\$396,386</b>	<b>1,478</b>	<b>\$416,387</b>	<b>4.4%</b>	<b>12.3%</b>

\*This does not include funding provided by Public Law 111-212 nor transfers.

\*\*FY 2011/2012, numbers and percentage changes reflect the reallocation of the Administration Programs dollars to their respective budget activities, resulting in across-the-board increases to other budget activities.

## 2B – Appropriations Language and Explanation of Changes

Appropriations Language	Explanation of Changes
<p align="center"><b>DEPARTMENTAL OFFICES</b>  <b><i>Federal Funds</i></b>  <b>SALARIES AND EXPENSES</b>  <b>(INCLUDING TRANSFERS OF FUNDS)</b></p> <p><i>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, \$324,889,000: Provided, That notwithstanding any other provision of law, of the amount appropriated under this heading, up to \$1,000,000, may be contributed to the Global Forum on Transparency and Exchange of Information for Tax Purposes, a Part II Program of the Organization for Economic Cooperation and Development, to cover the cost assessed by that organization for Treasury's participation therein: Provided further, That of the amount appropriated under this heading, not to exceed \$3,000,000, to remain available until September 30, 2013, is for information technology modernization</i></p>	

*requirements; not to exceed \$200,000 is for official reception and representation expenses; \$200,000 is to support international representation commitments of the Secretary; 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: Provided further, That of the amount appropriated under this heading, \$6,787,000, to remain available until September 30, 2013, 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: Provided further, That this transfer authority shall be in addition to any other provided in this Act: Provided further, That of the amount appropriated under this heading, \$500,000, to remain available until September 30, 2013, is for secure space requirements: Provided further, That of the amount appropriated under this heading, up to \$3,400,000, to remain available until September 30, 2014, is to develop and implement programs within the Office of Critical Infrastructure Protection and Compliance Policy, including entering into cooperative agreements : Provided further, That of the funds made available under this heading, \$2,500,000 is for strengthening the Department's acquisition workforce capacity and capabilities: Provided further, That with respect to the previous proviso, such funds shall be available for training, recruitment, retention, and hiring members of the acquisition workforce as defined by the Office of Federal Procurement Policy Act, as amended (41 U.S.C. 401 et seq.): Provided further, That with respect to the seventh proviso, such funds shall be available for information technology in support of acquisition workforce effectiveness or for management solutions to improve acquisition management.*

## **2C – Legislative Proposals**

There are no legislative proposals for the Departmental Offices

## Section 3 – Budget and Performance Plan

This table lists all FY 2012 resources by strategic goal, objective and outcome outlined in the FY 2007-2012 Treasury Department Strategic Plan. For detailed information about the FY 2007-2012 Treasury Strategic Plan, please go to:

<http://www.treasury.gov/about/budget-performance/strategic-plan>

### 3.1 – Budget by Strategic Outcome

Dollars in Thousands

Treasury Strategic Outcome	FY 2010 Enacted	FY 2011 Annualized CR Level	FY 2012 Request	% Change FY 2010 to FY 2012
Effectively Managed U.S. Government Finances	\$68,082	\$81,410	\$90,037	32.2%
U.S. and World Economies Perform at Full Economic Potential	\$115,100	\$126,586	\$131,021	13.8%
Prevented Terrorism and Promoted the Nation's Security Through Strengthened International Financial Systems	\$119,688	\$109,934	\$106,811	(10.8%)
Management and Organizational Excellence	\$68,063	\$78,456	\$88,518	30.1%
<b>Total</b>	<b>\$370,933</b>	<b>\$396,386</b>	<b>\$416,387</b>	<b>12.3%</b>

**3A - Executive Direction** (\$38,098,000 from direct appropriations, and \$3,134,000 from reimbursable programs): The Executive Direction program area provides direction and policy formulation to the Department and Departmental Offices 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 the Treasurer of the United States.

### 3.2.1 Executive Direction Budget and Performance Plan

Dollars in Thousands

Executive Direction Budget Activity					
Resource Level	FY2008 Obligated	FY 2009 Obligated	FY 2010 Enacted	FY 2011 Annualized CR Level*	FY 2012 Request*
Appropriated Resources	\$20,273	\$21,170	\$21,983	\$33,465	\$38,098
Reimbursable Resources	\$599	\$1,188	\$1,656	\$3,049	\$3,134
<b>Total Resources</b>	<b>\$20,872</b>	<b>\$22,358</b>	<b>\$23,639</b>	<b>\$36,514</b>	<b>\$41,232</b>
<b>Budget Activity Total</b>	<b>\$20,872</b>	<b>\$22,358</b>	<b>\$23,639</b>	<b>\$36,514</b>	<b>\$41,232</b>

\*FY 2011/2012, Appropriated and Reimbursable Resources reflect the reallocation of the Administration Programs dollars to their respective budget activities, resulting in across-the-board increases to other budget activities.

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 – International Affairs and Economic Policy** (\$68,349,000 from direct appropriations, and \$10,883,000 from reimbursable programs): A major mission of these offices 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 protect and support U.S. economic prosperity by strengthening the external environment for U.S. growth, preventing and mitigating global financial instability, and managing key global challenges.

IA leads the Treasury Department effort in the development of policies and guidance related to international monetary affairs, trade and investment policy, international development and 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 and G-20 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.

Economic Policy also produces the corporate bond yield curve that is mandated by the Pension Protection Act of 2006. This yield curve is used to calculate the present values of pension liabilities and lump sum distributions. EP has developed the methodology for this curve and supplies data every month to the Internal Revenue Service for distribution to the public.

### 3.2.2 International Affairs and Economic Policy Budget and Performance Plan

Dollars in Thousands

International Affairs and Economic Policy Budget Activity					
Resource Level	FY2008 Obligated	FY 2009 Obligated	FY 2010 Enacted	FY 2011 Annualized CR Level*	FY 2012 Request*
Appropriated Resources	\$41,852	\$42,714	\$47,249	\$70,037	\$68,349
Reimbursable Resources	\$4,073	\$5,277	\$5,233	\$10,503	\$10,883
<b>Total Resources</b>	<b>\$45,925</b>	<b>\$47,991</b>	<b>\$52,482</b>	<b>\$80,540</b>	<b>\$79,232</b>
<b>Budget Activity Total</b>	<b>\$45,925</b>	<b>\$47,991</b>	<b>\$52,482</b>	<b>\$80,540</b>	<b>\$79,232</b>

\*FY 2011/2012, Appropriated and Reimbursable Resources reflect the reallocation of the Administration Programs dollars to their respective budget activities, resulting in across-the-board increases to other budget activities.

Measure	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Target	FY 2012 Target
Number of New Trade and Investment Negotiations Underway or Completed (Oe)	14.0	15.0	13.0	6.0	6.0
Number of Specific New Trade Actions Involving Treasury Interagency Participation in Order to Enact, Implement, and Enforce U.S. Trade Law and International Agreements (Oe)	N/A	98.0	83.0	50.0	50.0
Percentage of Grant and Loan Proposals Containing Satisfactory Frameworks for Results Measurement (Oe)	94.0	94.0	92.5	90.0	90.0
Scope and Intensity of Engagement (Traction) (Oe)	3.6	3.7	3.5	3.6	3.6

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

*Description of Performance:* Managing the economic crisis, instability in financial markets, trade flows, climate change, and aid for developing economies can only be accomplished in a global context. Rising protectionism and insularity associated with weakened international economies have in recent years heightened the challenges associated with managing international partnerships. Expanding and improving these partnerships is critical to pursuing U.S. global economic objectives, including expanded trade and investment opportunities, and increased job opportunities for all Americans.

Treasury's Office of International Affairs (IA) advises and assists in the formulation and execution of U.S. international economic and financial policy. In FY 2009 and FY 2010, the office exceeded its targets for all of its performance measures related to trade and investment.

To help ensure accountability in the lending of the multilateral development banks (MDBs), Treasury monitors the percentage of grant and loan proposals containing satisfactory results measurement frameworks. Over the past several years, most of the MDBs have made substantial progress towards developing frameworks to measure the results of their development assistance. For FY 2010, 92.5 percent of grant and loan proposals contained satisfactory results measurement frameworks, exceeding the Department's target of 90 percent. The Department

will continue to encourage the development of robust, transparent performance measurement systems at the MDBs to ensure accountability for the resources they utilize.

The Department is currently engaged in a rigorous effort to re-develop metrics for its International Affairs programs that better reflect the mission and goals of the office.

**3C – Domestic Finance and Tax Policy** (\$84,562,000 from direct appropriations, and \$36,160,000 from reimbursable programs): Offices within Domestic Finance and Tax Policy 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 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 operations, as well as governmental assets and liabilities. The office advises the Secretary on regulations and legislation for financial institutions and markets, to ensure a resilient and healthy financial sector. The Office of Domestic Finance includes the Office of Financial Markets, the Office of Fiscal Service, the Office of Financial Institutions, the Office of Financial Stability, and the Office of Research and Quantitative Studies.

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 facing two significant, ongoing challenges: to improve its analytical capabilities by expanding its data systems and economic modeling capabilities and to provide policy oversight for the IRS efforts to maximize voluntary tax compliance.

### 3.2.3 Domestic Finance and Tax Policy Budget and Performance Plan

Dollars in Thousands

Domestic Finance and Tax Policy Budget Activity					
Resource Level	FY2008 Obligated	FY 2009 Obligated	FY 2010 Enacted	FY 2011 Annualized CR Level*	FY 2012 Request*
Appropriated Resources	\$29,134	\$29,942	\$48,580	\$71,738	\$84,562
Reimbursable Resources	\$4,261	\$4,204	\$10,889	\$37,029	\$36,160
<b>Total Resources</b>	<b>\$33,395</b>	<b>\$34,146</b>	<b>\$59,469</b>	<b>\$108,767</b>	<b>\$120,722</b>
<b>Budget Activity Total</b>	<b>\$33,395</b>	<b>\$34,146</b>	<b>\$59,469</b>	<b>\$108,767</b>	<b>\$120,722</b>

\*FY 2011/2012, Appropriated and Reimbursable Resources reflect the reallocation of the Administration Programs dollars to their respective budget activities, resulting in across-the-board increases to other budget activities.

Measure	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Target	FY 2012 Target
Variance between estimated and actual receipts (annual forecast)(%)(Oe)	4.6	5.5	5.8	5.0	5.0

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

**Description of Performance:** As part of managing the government's central operating account and cash position, the Office of Fiscal Projections forecasts federal receipts, outlays, and debt transactions to ensure that funds are available on a daily basis to cover federal payments. To determine its overall effectiveness, the office measures the variance between actual and projected government receipts. The actual variance for FY 2010 was 5.8 percent, higher than the 5.0 percent target for FY 2010. FY 2010 proved very challenging to forecast due to the heavy influence of changes in tax law throughout 2009 that affected FY 2010 receipts, and due to lingering uncertainty concerning the pace of the economic recovery, including projections of GDP and employment. The targets for FY 2011 and FY 2012 remain at 5.0 percent.

**3D - Terrorism and Financial Intelligence** (\$92,605,000 from direct appropriations, and \$10,621,000 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, and dissemination of foreign intelligence and foreign counterintelligence information related to the operation and responsibilities of the Department of the Treasury. Specifically, OIA (1) supports the formulation of Treasury policy and execution of Departmental authorities by providing expert intelligence analysis and production on financial and other support networks for terrorist groups, proliferators, and other key national security threats; (2) provides timely, accurate, and focused intelligence support on the full range of economic, political, and security issues; and (3) protects the personnel, programs, and information of the Treasury Department from information security and counterintelligence threats.

#### 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, and other threats to the international financial system. 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 weapons of mass destruction 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 weapons of mass destruction 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

Dollars in Thousands

Terrorism and Financial Intelligence Budget Activity					
Resource Level	FY2008 Obligated	FY 2009 Obligated	FY 2010 Enacted	FY 2011 Annualized CR Level*	FY 2012 Request*
Appropriated Resources	\$51,904	\$58,026	\$64,611	\$96,386	\$92,605
Reimbursable Resources	\$3,866	\$4,684	\$6,209	\$10,373	\$10,621
<b>Total Resources</b>	<b>\$55,770</b>	<b>\$62,710</b>	<b>\$70,820</b>	<b>\$106,759</b>	<b>\$103,226</b>
<b>Budget Activity Total</b>	<b>\$55,770</b>	<b>\$62,710</b>	<b>\$70,820</b>	<b>\$106,759</b>	<b>\$103,226</b>

\*FY 2011/2012, Appropriated and Reimbursable Resources reflect the reallocation of the Administration Programs dollars to their respective budget activities, resulting in across-the-board increases to other budget activities.

Measure	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Target	FY 2012 Target
Impact of TFI programs and activities	N/A	7.8	8.1	7.4	7.6

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

*Description of Performance:* In FY 2009, the Department discontinued using all of its performance measures that were previously reported. These measures are now used as indicators for the new composite measure that was developed. TFI introduced and began to apply a composite performance measure in FY 2009 to improve the assessment of its impact. There are separate components known as performance goals within the composite measure that align to each office within TFI -- each component is linked to its overall performance goals and the Department's strategic outcomes.

Two TFI offices, OFAC and TFFC, share a combined performance goal. OFAC's mission is to administer and enforce economic and trade sanctions based on U.S. foreign policy and national security goals and TFFC serves as the policy and outreach apparatus for TFI on terrorist financing, money laundering, financial crime, and sanctions issues. Performance for both of these offices is linked to the following performance goal by focusing on the impact of policy making, outreach and diplomacy, and the impact of economic sanctions: TFI effectively employed tools and authorities to further USG policy objectives and mitigate national security threats.

OIA, TFI's intelligence office, supports the formulation of policy and execution of Treasury authorities by producing expert intelligence analysis and driving collection on support networks of terrorists, weapons of mass destruction proliferators, and other key national security threats. OIA has two separate performance goals that focus upon the impact of information, intelligence, and analysis on senior leadership and the intelligence community. User data surveys are conducted with financial intelligence users routinely internally and externally to Treasury to gauge the impact and influence OIA has upon those which use their information. Performance for this office is linked to the following two performance goals: 1) Support the formulation of Treasury policy and the execution of departmental authorities through all-source analysis of the

global financial network and 2) Provide Treasury Department decision makers with timely, accurate, and relevant intelligence support on the full range of economic, political, and security issues.

Each of these performance goals are a segment of the overall performance measure and determine the overall score for TFI as a whole. As mentioned earlier, this performance measure was baselined in FY 2009 with a value of 7.8, or medium impact, and achieved results of 8.1 in excess of its target of 7.4 for FY 2010. The targets have been set at 7.4 for FY 2011 and 7.6 for FY 2012. TFI and the Department will continue to refine how the measure is rated and scored.

**3E - Treasury-wide Management and Programs** (\$41,275,000 from direct appropriations, and \$30,700,000 from reimbursable programs): The primary mission of Treasury-wide Management (TWM) is to provide effective and efficient management of the Department's resources. The vision is to be the office that Treasury turns to for excellent analysis of program effectiveness and stewardship of the taxpayer resources. TWM provides strategic planning and develops policy direction in the areas of: human resources, emergency management, privacy, records management, disclosure services, civil liberties, information technology security, procurement, 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

Dollars in Thousands

Treasury-wide Management and Programs Budget Activity					
Resource Level	FY2008 Obligated	FY 2009 Obligated	FY 2010 Enacted	FY 2011 Annualized CR Level*	FY 2012 Request*
Appropriated Resources	\$16,384	\$20,157	\$22,679	\$33,262	\$41,275
Reimbursable Resources	\$4,295	\$13,838	\$18,653	\$30,544	\$30,700
<b>Total Resources</b>	<b>\$20,679</b>	<b>\$33,995</b>	<b>\$41,332</b>	<b>\$63,806</b>	<b>\$71,975</b>
<b>Budget Activity Total</b>	<b>\$20,679</b>	<b>\$33,995</b>	<b>\$41,332</b>	<b>\$63,806</b>	<b>\$71,975</b>

\*FY 2011/2012, Appropriated and Reimbursable Resources reflect the reallocation of the Administration Programs dollars to their respective budget activities, resulting in across-the-board increases to other budget activities.

*Description of Performance:* In FY 2010, and continuing into FY 2011, Treasury-wide Management will be revising all of its prior year performance metrics to better reflect the performance of the office. In FY 2010, the office created a new vision, mission, and strategic goals. It will work over the next few months with each office in Treasury-wide Management, including Management and Budget, the Deputy CFO, OCIO, Procurement, Human Resources, Privacy, Transparency, and Records, and Departmental Operations to develop meaningful and impactful performance measures. Some of the primary results of these efforts within the Office of the Procurement Executive (OPE) and the Office of the Deputy Assistant Secretary for Human Resources and Chief Human Capital Officer (DASHR/CHCO) are outlined below.

The Office of the Procurement Executive (OPE) promotes and measures Treasury's procurement operations through a broad suite of performance metrics designed to facilitate success in

acquisition. FY 2011 Treasury Acquisition Goals include a seven percent acquisition savings, a 10 percent high risk contract reduction and 50 percent performance-based acquisitions (PBA). Socio-Economic Program Goals include ensuring 28.5 percent of bureau dollars go to small business, 5 percent of bureau dollars go to small disadvantaged businesses, five percent to women-owned businesses, 3 percent to HUBZone businesses, and three percent to service disabled veteran-owned small businesses. Customer Satisfaction goals including establishing, managing and reporting the percentage of transactions completed for procurement lead time. Acquisition Workforce Management Goals include a target of 70 percent of procurement staff with Federal Acquisition Certification in Contracting and exceeding the government-wide retention average for employees.

The Office of Management and Budget (OMB) issued in July 2009 a mandate that agencies achieve cumulative 3.5 percent acquisition-related savings in Fiscal Year 2010 and seven percent savings in 2011 as well as 10 percent reduction in high risk contracting obligations in FY 2010. The OPE established and facilitated Treasury's Acquisition Improvement Program to ensure compliance with OMB requirements. Treasury exceeded both goals in FY 2010, documenting \$237 million in savings vs. the goal of \$158 million, and \$129 million in high risk contracting reduction versus the goal of \$48 million. For FY 2011, the Department is actively working to achieve a savings goal of \$316 million, while maintaining a 10 percent high risk contracting reduction goal compared with FY 2010.

With base resources for FY 2011 and FY 2012, OPE will have the ability to continue oversight and facilitation of Treasury's savings and high risk reduction achievements. While the OMB mandates end in FY 2011, Treasury will aggressively continue the initiatives through FY 2012 and beyond. OPE has initiated action to lead Treasury efforts toward sustainable, structural efficiencies within the acquisition environment and is committed to continuance of the effort.

Treasury fully supports the federal socio economic program and places great emphasis on achievement of corresponding statutory goals. The Senior Procurement Executive (SPE) is responsible for Treasury's compliance with assigned goals. Treasury's Office of Small and Disadvantaged Business Utilization (OSDBU), separate from OPE, provides advice and assistance in support of program utilization and conducts extensive outreach services to facilitate identification and utilization of businesses qualifying for the various socio economic preferences. The OPE reports goal achievement based on funding activity to be commensurate with the OSDBU reporting methodology. Both the SPE and the OSDBU are making a concerted effort to facilitate full goal achievement in FY 2011.

The Deputy Assistant Secretary for Human Resources and Chief Human Capital Officer (DASHR/CHCO) has functional responsibility for Human Capital Strategic Management (HCSM), Diversity and Civil Rights, and Training and Development Department-wide. Current performance efforts include continued hiring reform initiatives; veteran's employment; making Treasury a great place to work; achieving greater accountability through assessment; integrating and automating many human capital responsibilities such as individual and organizational performance management, succession planning, compensation management, with workforce planning; and establishing labor-management forums, and supporting Treasury in standing up the Consumer Financial Protection Bureau.

Both strategic and tactical efforts supporting hiring reform will continue in FY 2012 as a result of the need to modify or establish new processes, technology, and messaging to ensure alignment with anticipated changes relating to hiring reform. Hiring reform improvements will be monitored by OPM & OMB through OPM-led reviews, results from Manager Satisfaction Survey and Applicant Survey, and DASHR/CHCO sponsored human resource program reviews.

OPM and OMB will give Treasury, as well as other Federal agencies, a specific numeric goal to increase their Veteran new hires in FY 2011, and most likely issue a similar numeric goal for FY 2012. Measures of performance include the number of new hires of Veterans; turnover rate; results from Treasury's exit survey, and new hire survey.

Federal Employment ViewPoint Survey: HCSM annually disseminates survey results to the bureaus and provides technical guidance, including providing training for bureau representatives and/or identifying additional resources to assist bureaus with addressing low scoring areas. Measures of performance include Employee Viewpoint Survey Results and the Partnership for Public Service Best Places to Work ranking.

Labor-Management Forums – HCSM is facilitating Department success of Executive Order 13522-Creating Labor Management Forums to Improve Delivery of Government Service by providing bureau management and labor representatives with training, technical guidance, and ongoing monitoring to ensure labor-management forums are active and meeting the “spirit” of the Executive Order.

**3F - Administration Programs** (*Direct appropriations and reimbursable program funding have been allocated to operational budget activities*): 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, human resources support, 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

Dollars in Thousands

Administration Programs Budget Activity					
Resource Level	FY2008 Obligated	FY 2009 Obligated	FY 2010 Enacted	FY 2011 Annualized CR Level*	FY 2012 Request*
Appropriated Resources	\$82,630	\$93,421	\$99,786	\$0	\$0
Reimbursable Resources	\$3,837	\$22,793	\$23,405	\$0	\$0
<b>Total Resources</b>	<b>\$86,467</b>	<b>\$116,214</b>	<b>\$123,191</b>	<b>\$0</b>	<b>\$0</b>
<b>Budget Activity Total</b>	<b>\$86,467</b>	<b>\$116,214</b>	<b>\$123,191</b>	<b>\$0</b>	<b>\$0</b>

\*FY 2011/2012, Appropriated and Reimbursable Resources were reallocated to their respective budget activities, resulting in across-the-board increases to other budget activities.

For FY 2011, Treasury made the decision to allocate administrative expenses for Departmental Offices by operational budget activity, instead of maintaining a separate budget activity just for administrative expenses. The change will result in a level increase in the funding allocated to each budget activity, with this higher level sustained through future years. The administrative expenses have been allocated across operational budget activities of the Departmental Office budget utilizing various cost-allocation methodologies based upon the type of service which is being allocated.

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**

The Departmental Offices (DO), Office of Human Resources (OHR) supports the accomplishment of DO's strategic goals through the delivery of Human Resource support to Treasury Headquarters' offices through critical technical and consultative services and policy development. Additionally, OHR oversees the delivery of transactional hiring and payroll services through a contract with the Bureau of Public Debt's Administrative Resource Center (BPD-ARC). This office provides sound advice and guidance to managers related to EEO, employment, retention, recognition, employee and labor relations, benefits, performance management and development.

### **Fiscal Year 2010 Accomplishments**

#### **Hiring Reform**

- In January, 2010 the Deputy Assistant Secretary and Chief Human Capital Officer created a new office (Human Capital Services) comprised of the Offices of Equal Employment Opportunity, Human Resources, and Training to ensure collaboration, coordination and maximum utilization of recruitment and hiring resources. The goal of this office is to create a professional pipeline of qualified, diverse candidates for the consideration of DO Policy and Assistant Secretary for Management offices.
- The Office of Human Capital Services has worked with BPD/ARC (under contract with OHR for hiring transactions) to ensure that time lines and processes are aligned with the eighty day (80) day hiring model; that there is a transition to category rating of all applications; and that KSAs and Essays are no longer required.
- Outreach sessions with Departmental Offices managers have been held on Hiring Reform and the role of the hiring official in ensuring successful recruitment/hiring of qualified candidates. These sessions provide in-depth discussion on the importance of crediting plans and clear, concise articulation of critical technical qualifications.

#### **Veterans' Employment**

- Provided direct assistance to the Office of Domestic Finance's hiring initiative and enabled a broad recruitment for critical financial analysts, financial economists, and economic research skills. Additionally, ensured that print recruitment ads were placed in professional journals and newspapers with circulation in highly diverse geographic areas and among professional organizations with diverse professional affiliations. There was an intensive outreach conducted, including providing the Department's Veterans' Office Manager with listings of core skills needed.
- Created a "manager's desk guide" that includes a listing of tools that can be used by managers to bring on qualified Veterans into the Departmental Offices workplace.

## **Employee Engagement**

- Designed a new employee orientation including actions to review materials, presenters and information that is provided. This design will be complemented with instructions to managers concerning the importance of job orientation, tying the Treasury mission to the unique job duties and assignments, and assistance in adapting to the Treasury culture.
- Refocused the traditional retirement seminar to better reflect today's workforce profile. The Human Capital Services office now offers four seminars each year: two that focus upon retirement counseling; one that provides benefits counseling and in-depth discussion of the Thrift Savings Plan and FERS to those who are new to government service; and one that provides mid-career counseling so employees can assess decisions made and project retirement savings and decisions made years earlier.
- Implemented a series of outreach sessions for managers and supervisors that provide basic skills and knowledge on: Merit Principles, Employee and Labor Relations, Performance Management, Employee Development, the EEO process, Alternative Dispute Resolution and Reasonable Accommodation. This series will be expanded to provide advanced information and encourage problem solving discussions for each session.

## **Women and Girls**

- The Associate CHCO and the DO/OHR were strategic business partners in Treasury leadership's strategic discussions on Domestic Finance's critical hiring initiative. Members of the OHR staff remain engaged in all aspects of position management and hiring discussions. One area of focus was the need to increase gender representation in hiring economists, financial analysts, and other finance related job series.
- Reinstated meetings with Policy Office liaisons to ensure that OHR, EEO and Training aligned their goals and objectives to meet mission critical initiatives.
- Initiated "workforce trends" discussions with the Assistant Secretary for Management (ASM) and many of the policy offices. These trends analyses included disaggregation of current workforce by gender, race and national origin (RNO); grade; skill concentration and retirement eligibility (providing a sense of future opportunities for hiring).

## **Labor Management Forums**

- OHR is currently working with local bargaining unit representatives to finalize forum ground rules to begin meetings with the first priority to develop meaningful metrics for performance.
- OHR Business Partners (to the policy offices) provided focused attention on Human Resource functions from Labor/Employee Relations to position management and consultation on employee development.
- Ensured that the local bargaining unit representatives had a "seat at the table" for discussions on hiring initiatives, re-organization and other issues.

## **Hiring of Individuals with Disabilities**

- Appointed Special Emphasis Program managers to assist the EEO staff with the outreach of Women, Persons with Disability, Hispanic, Veterans, Black, American Indian/Alaska Native, and Asian/Pacific Islander employees.

- Focused two manager outreach sessions on the hiring of qualified individuals with Disabilities and Reasonable Accommodation; EEO has partnered with HCO to ensure that qualified candidates are referred to hiring officials.
- Funded, managed and proactively marketed intern programs that draw participants from the Hispanic Association of Colleges and Universities, Universities National Internship Program, Gallaudet University and the Washington Center Internships for Native American Students.

#### **Wellness:**

- Initiated new seminars that promote health and well being, provided information on eye protection; vitamins; and life style choices. Ensured broad communication on OPM's efforts and programs on health and wellness. Additionally, OHR sponsored a Health Benefits Fair for DO employees.
- Worked with HR Connect Project staff in the automation of on-boarding processes for new employees. This tool provides new hires with links to information on Treasury; federal service; and benefit choices.

#### **Fiscal year 2012 Challenges**

- A. **An overriding challenge is the ability to recruit and retain core, scarce skill sets for mission critical positions (economists, intelligence community staff, information technology professionals).** OHR will focus upon building relationships and a presence with local universities and to make Treasury the "employer of choice" for graduates. Additionally, HCS will develop a manual that contains a listing of professional organizations with large and diverse memberships to encourage attendance at career fairs, and HCS will conduct targeted recruitment campaigns in order to build the foundation that establishes a pipeline of diverse professionals.
- B. **The ongoing loss of institutional knowledge and key leadership through retirement – the challenge is OHR's ability to address and support the closing of competency gaps.** Succession planning activities and identification of key leadership positions and skill/competency gaps will be completed in FY 2011. Subsequent steps will be to ensure that staff who are designated as key leaders receive the training and developmental support to be successful.
- C. **Agility in supporting the Regulatory Reform Implementation.** HCS support to staff implementing the provisions of the Dodd-Frank Wall Street Reform and Consumer Protection Act will continue throughout the next few fiscal year cycles. The challenge is to realign resources within the office to support the stand up of those offices that will reside within the Departmental Office structure as well as support the ASM entities with Department-wide portfolios that provide direct assistance to the Consumer Financial Protection Bureau. HCS will address this challenge by cross training, ensuring enhanced (and expedited) technical training of staff, and leverage/enhance the use of automated tools.

#### 4.1 – Summary of IT Resources Table

Dollars in Thousands

Major IT Investments / Funding Source	Budget Activity	FY 2009 Enacted	FY 2010 Enacted	% Change from FY 2009 to FY 2010	FY 2011 Annualized CR Level /2	% Change from FY 2010 to FY 2011	FY 2012 Request	% Change from FY 2010 to FY 2012
Treasury Foreign Intelligence Network (TFIN) /1								
Departmental Offices Salaries and Expenses	Terrorism and	\$3,060	\$4,337	41.7%	\$4,337	0.0%	\$3,272	-24.6%
Department-wide Systems Capital	Financial							
Investments Program (DSCIP)	Intelligence	\$0	\$2,000	0.0%	\$2,000	0.0%	\$0	-100.0%
Alpha Computers Modeling Systems		\$0	\$0	0.0%	\$0		\$0	0.0%
Enterprise Content Management								
Department-wide Systems Capital								
Investments Program (DSCIP)		\$6,000	\$0	-100.0%	\$0	0.0%	\$0	0.0%
Federal Financial Transformation Program								
Department-wide Systems Capital								
Investments Program (DSCIP)		\$0	\$0	0.0%	\$0	0.0%	\$0	0.0%
Subtotal, Major IT Investments		\$9,060	\$6,337	-30.1%	\$6,337	0%	\$3,272	-48.4%
Non-Major IT Investments		\$9,018	\$7,514	-16.7%	\$7,514	0.0%	\$9,510	26.6%
Infrastructure Investments		\$0	\$0	0.0%	\$0	0.0%	\$0	0.0%
Enterprise Architecture		\$1,000	\$0	-100.0%	\$0	0.0%	\$70	0.0%
Enterprise Identity and Access Management		0	0	0.0%	0	0.0%	\$0	0.0%
Total IT Investments		\$19,078	\$13,851	-27.4%	\$13,851	0.0%	\$12,852	-7.2%

1/ TFIN Includes funding of \$3,000 plus \$60 (MCLs) in FY2009; funding of \$4,200 plus and \$137 (MCLs) in FY2010/FY2011 CR;

FY2012 reflects (\$1,200) savings and \$75 (MCLs) from request of \$4,397

2/ FY 2011 IT Resources previously reported by DO in the FY 2011 PB have been adjusted (under the FY 2011 Annualized CR) to FY 2010 levels

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

Information technology (IT) is an essential facilitator of Treasury's business functions. Whether managing the nation's debt, collecting revenue, executing our nation's financial transactions, establishing economic policy, regulating our nation's banks, manufacturing coin and currency, or working with the intelligence community to combat financial crime, Treasury continuously leverages information technology. While that pervasiveness is indicative of the value information technology provides in support of the Department's mission, it is also representative of the underlying scope, scale and complexity within which those platforms operate today. With an annual IT budget of well over \$3 billion dollars, the Department's IT Strategy is focused on enabling much greater innovation in support of the Department's expanding financial and economic missions while also increasing the operational efficiency and effectiveness of the IT assets.

### **Background**

Treasury's primary focus is on ensuring our nation's overall economic stability and future prosperity. As the economic events of the past 18 months have shown, Treasury must adopt new tools to address emerging economic issues and opportunities. In light of the dynamic environment within which Treasury operates, Treasury's IT Strategy is focused on the following six goals:

1. Enable an Information Centric Organization

Whether for the purposes of establishing policy, processing financial transactions or identifying nefarious financial activity, information is at the core of Treasury's mission. Cornerstones of Treasury's IT strategy are to develop greater competency and capabilities in the analysis and usage of large scale data sets, and leverage Internet-based platforms like Data.Gov, Treasury.Gov and FinancialStability.Gov to ensure all of our public data feeds are readily accessible and in machine readable formats.

2. Pursue an IT organization that is agile and delivery focused

Information Technology is only as good as the business capabilities it enables. To improve the ability to deliver timely and effective solutions, Treasury intends to better leverage the IT service capabilities across all bureaus and put into place technical capabilities to enable our workforce to be more collaborative and productive. Examples of this include Treasury's efforts to consolidate data centers as well as investments being made in collaborative portal platforms for the purposes of bringing together skills and talent from across the enterprise.

3. Control and protect Treasury information assets

Within an enterprise as interconnected as Treasury, security is not only essential for protecting information assets, but is more importantly a key enabler for many elements of Treasury's business mission. Two of Treasury's strategic security objectives include the Department-wide use of Homeland Security Presidential Directive 12 (HSPD-12) based

credentials for the sake of logical access to business applications, and the enterprise wide usage of Data Loss Prevention tools to monitor for, and prevent the accidental leakage of information.

4. Provide reliable and robust computing, information and communication services

Treasury's operates one of the largest civilian wide area networks in the United States, and with a significant percentage of the workforce that is mobile, Treasury demands a ubiquitous, full featured and cost effective communications service. Treasury will continue to provide high performance, elastic, data agnostic services by building on our successes in migrating in FY 2010 to a common, more cost effective, MPLS based wide area network.

5. Demonstrate measurable excellence in IT Leadership

The rapid pace of innovation in information technology demands a high degree of management rigor if IT investments are to be leveraged across an organization. Treasury is revamping IT governance processes to ensure that investments such as Data Center Consolidation, Enterprise Content Management, IRS Customer Account Data Engine II, and FinCEN's Bank Secrecy Act IT Modernization are demonstrably focused on facilitating mission performance. Treasury is actively using the Federal IT Dashboard to monitor and assess its key IT investments. Furthermore, Treasury senior management actively participates in the direction and oversight of key technical initiatives through a metrics-driven program management review process.

6. Make Treasury a place where IT professionals want to work

The success of Treasury IT investments is dependent on the ability for Treasury to attract and retain IT talent. Fostering a culture of innovation is critical to ensuring Treasury is a place where IT people want to work. To that end, Treasury is actively assessing the utilization of more emergent technologies like Cloud Computing, Massively Parallel Databases, Open Source, and Web 2.0 platforms as new investments are being planned.

## **Measuring and Managing our Progress**

No strategy is useful without a means for measuring progress against that strategy and for assessing the overall impact the strategy is achieving. Using a combination of vehicles including CIO monthly project assessments, Departmental "Stat" sessions, and the Federal IT Dashboard, Treasury is actively monitoring, assessing and managing its key IT investments. Some of the key metrics we are using to assess progress against our IT Strategy include:

- Customer satisfaction
- Adoption rate of collaborative technologies
- Quality
- Accuracy/Timeliness of information
- Percentage of IT spend allocated to Operations and Maintenance versus Development, Modernization, and Enhancement