

## Departmental Offices

### Mission Statement

Serve the American people and strengthen national security by managing the U.S. Government's finances effectively, promoting economic growth and stability, and ensuring the safety, soundness, and security of U.S. and international financial systems.

### Program Summary by Budget Activity

Dollars in Thousands

Appropriation	FY 2007	FY 2008	FY 2009		
Departmental Offices - S & E	Enacted	Enacted	Request	\$ Change	% Change
Executive Direction	\$19,728	\$20,749	\$21,592	\$843	4.06%
Economic Policies and Programs	38,393	44,242	45,853	1,611	3.64%
Financial Policies and Programs	24,695	29,465	34,735	5,270	17.89%
Terrorism and Financial Intelligence	47,540	56,775	61,712	4,937	8.70%
Treasury-wide Management and Programs	16,748	18,505	19,009	504	2.72%
Administration Programs	69,244	78,624	90,994	12,370	15.73%
<b>Total Appropriated Resources</b>	<b>\$216,348</b>	<b>\$248,360</b>	<b>\$273,895</b>	<b>\$25,535</b>	<b>10.28%</b>
<b>Total FTE</b>	<b>1,055</b>	<b>1,133</b>	<b>1,200</b>	<b>66</b>	<b>5.87%</b>

### FY 2009 Priorities

The FY 2009 budget request supports the Departmental Offices' (DO's) leading role in accomplishing key Administration goals:

- ***Effectively Manage U.S. Government Finances*** – The Department will dedicate significant resources to increasing the efficiency and sophistication of debt management tools, which will result in taxpayer savings.
- ***Ensure U.S. and World Economies Perform at Full Economic Potential*** – The Department strives to maintain America's strength and prosperity, and will continue to do so by developing and implementing policies that encourage overall economic growth, protecting key financial infrastructure, and ensuring foreign investment in the U.S. economy is sound and secure. The Department will also build a Operations center to improve its ability to provide timely response to financial crises.
- ***Prevent Terrorism and Promote the Nation's Security Through Strengthened International Financial Systems*** – The Department will maximize its impact by increasing its role as a leader in the area of financial intelligence, setting the guidelines for the Intelligence Community (IC) in the area of financial intelligence. The Department will increase its counterintelligence capabilities and enhance its capacity to administer sanctions against terrorist groups and their sponsors.
- ***Promote Management and Organizational Excellence*** – The Department continues to develop integrated plans where policies and operations align to produce maximum value for the American people. DO will fund technology investments and disaster recovery planning.

## Table of Contents

<b>Section 1 – Purpose</b> .....	<b>1</b>
1A – Description of Bureau Vision and Priorities .....	1
1B – Program History and Future Outlook.....	2
<b>Section 2 – Budget Adjustments and Appropriation Language</b> .....	<b>8</b>
2.1 – Budget Adjustments Table.....	8
2A – Budget Increases and Decreases Description .....	8
2.2 – Operating Levels Table.....	13
2.3 – Appropriations Detail Table .....	14
2B – Appropriations Language and Explanation of Changes.....	15
2C – Legislative Proposals .....	16
<b>Section 3 – Budget and Performance Plan</b> .....	<b>18</b>
3.1 – Budget by Strategic Goal .....	18
3A – Executive Direction .....	18
3.2.1 – Executive Direction Budget and Performance Plan .....	19
3B – Economic Policies and Programs.....	19
3.2.2 – Economic Policies and Programs Budget and Performance Plan.....	20
3C – Financial Policies and Programs .....	21
3.2.3 – Financial Policies and Programs Budget and Performance Plan.....	22
3D – Terrorism and Financial Intelligence .....	23
3.2.4 – Terrorism and Financial Intelligence Budget and Performance Plan .....	25
3E – Treasury-wide Management and Programs.....	25
3.2.5 – Treasury-wide Management and Programs Budget and Performance Plan .....	26
3F – Administration Programs.....	27
3.2.6 – Administration Programs Budget and Performance Plan .....	27
<b>Section 4 – Supporting Materials</b> .....	<b>29</b>
4A – Human Capital Strategy Description .....	29
4.1 – Summary of IT Resources Table .....	34
4B – Information Technology Strategy .....	35
4.2 – PART Evaluation Table.....	37
4C – Terrorism Risk Insurance (TRIA).....	38
4.3 – TRIA Baseline Outlays and Receipt Table.....	38

## **Section 1 – Purpose**

---

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

The Departmental Offices (DO), as the headquarters of the Department of the Treasury, performs core functions vital to national security, the promotion of economic growth, and the management of the nation's finances.

The FY 2009 budget request supports DO's leading role in accomplishing the outcomes of the Treasury strategic framework:

- ***Managing the Government's Finances*** – The ability of the Department of the Treasury to manage the nation's finances with integrity is paramount to maintaining financial stability and enabling economic growth. DO will continue to play an important role in this effort through sound fiscal management enabling continual operation of essential government services and allowing the Department to meet its financial obligations while minimizing borrowing costs.
- ***Securing America's Economic and Financial Future*** – The integration of the global economy and liberalization of markets holds forth the promise of an increasingly prosperous and secure world. DO will continue to work toward an economic system that promotes competitive capital markets, free trade and investment, while always striving to decrease the gap in the global standard of living.
- ***Strengthening National Security*** – The Department plays an integral role in stopping the financing of terrorism and identifying and dismantling terrorist organizations' support networks. DO will continue to lead the effort, working closely with other agencies and with governments around the world, to identify and block financial assets of terrorists, proliferators of weapons of mass destruction, and narcotics traffickers and their support networks. Doing so will impair, impede, and economically isolate these individuals, organizations and entities.
- ***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, DO will continue to align resources to deliver outcomes; to invest in, secure and leverage information technology; to close skill gaps, recruit and retain a high performing workforce; and to develop effective leadership.

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

DO has transitioned to operate beyond the scope of traditional headquarters responsibilities, allowing it to accomplish multiple missions that are broad in scope. DO plays a direct role in fighting the war on terror and in promoting the President's economic policy agenda domestically and abroad.

*Managing the Government's Finances* – The primary function of the Department of the Treasury is the management of the monetary resources of the United States. Many critical aspects of that management function fall under the scope of DO; including the determination of domestic and international economic policy and debt management. The Departmental Offices have recently experienced success in both of these areas.

In FY 2007, the Office of Tax Policy continued to support the Administration's health care initiatives through significant and timely analysis of the taxation and employee benefits issues underlying many health and Medicare reform proposals. The office worked to develop a proposal that would make health care more affordable and more accessible. Under this proposal, all taxpayers who buy health insurance, whether on their own or through their employer, and no matter the cost of the plan, would get the same standard tax deduction for health insurance. The proposal would help hold down health-care costs by removing the current tax bias that encourages over-spending.

The Department of the Treasury released a comprehensive seven-point strategy in a continuing effort to reduce the tax gap and increase compliance. This budget includes resources critical to implementing that strategy, including new funding for research on noncompliance with the tax law. Analytical support will focus on developing tools for narrowing the tax gap without imposing excessive burdens on compliant taxpayers.

The Office of Tax Policy also released a study titled "Approaches to Improve the Competitiveness of the U.S. Business Tax System for the 21<sup>st</sup> Century," which examined the impact of tax policy on the global competitiveness of U.S. companies and workers. This study is part of an ongoing effort by the Department to explore opportunities that will enhance U.S. competitiveness.

In FY 2009, the Department will continue working toward the full automation of the interest rate and yield curve certifications presently executed by the Office of Debt Management. Treasury is required by statute and regulation to determine a broad array of critical interest rates including rates for savings bonds, Social Security Trust Funds, and State and Local Government Series securities. Treasury also creates the official real and nominal yield curves for financial markets. The implementation of these efforts will ensure that Treasury can produce these mission-critical processes on a timely basis, provide them to market participants quickly, and bolster contingency procedures.

*Securing America's Economic and Financial Future* – The Department plays a key policy role in promoting prosperous U.S. and world economies, raising standards of living, and protecting domestic and international economic and financial systems. The

Department will strive to maintain America's strength and prosperity by developing and implementing policies that encourage overall economic growth, protect key financial infrastructure, and ensure investment in the U.S. economy is sound.

In FY 2007, the Office of Financial Market Policy (OFMP) took a lead role in the President's Working Group on Financial Markets (PWG) acting as liaison to other PWG agencies, the Government Accountability Office (GAO), and Congressional staff. As the internal Treasury coordinator for PWG issues OFMP coordinated meetings on various issues including Private Pools of Capital/Hedge Funds with hedge fund managers, prime brokers/counterparties, investors, fiduciaries/pension funds/endowments, and support industries (lawyers, accountants/auditors). These efforts culminated in the release of the PWG's *Principles and Guidelines Regarding Private Pools of Capital* in February 2007 to address systemic risk and investor protection issues

FY 2007 also saw an increased effort by the Treasury Department to increase financial education. Department officials traveled to 20 states, held 95 financial education sessions, responded to approximately 220 inquiries from financial education providers through the Department's Technical Assistance Center, and recognized three organizations for their exemplary financial education programs. As part of its leadership of the Financial Literacy and Education Commission, Treasury hosted three statutorily required public meetings, submitted the annual Strategy for Assuring Financial Empowerment to Congress in a timely fashion, completed 15 calls to action as outlined in the National Strategy for Financial Literacy, and implemented two recommendations of the GAO's recently issued report. In addition, the promotion of the MyMoney.gov Web site and the 1-888-MyMoney toll-free hotline resulted in more than 900,000 visits and more than 16,000 calls respectively. The office also released its evaluation of First Accounts Program recipients and testified before Congress on the status of financial literacy efforts, and collaborated (and continues to collaborate) with the White House to launch a financial literacy initiative.

Treasury's Office of Critical Infrastructure Protection, in conjunction with regional coalitions in Chicago and San Francisco, led the financial industry-wide pandemic flu exercise held in the fall of 2007. Additionally, the Office organized and ran a cross-border exercise between the President's Working Group on Financial Markets and the Tripartite Standing Committee in the United Kingdom. This exercise highlighted the need for continued efforts between the financial authorities in these countries and others to come together to focus on areas where further collaboration is necessary to address potentially global financial crises.

In FY 2009, the Department of the Treasury will launch a cross-departmental strategic initiative to better manage the government's finances with increased levels of automation, resiliency, reporting, transparency and cost savings. The Department plans to design, build and implement cash and debt management systems, analytics, policies, and procedures to administer the nation's finances, arming the Department of the Treasury with 21<sup>st</sup> century tools to efficiently and effectively execute its core mission. The initiative has four principal components: cash management modernization, debt

management modernization, enhanced reporting and transparency, and improved risk management.

As the lead agency for the banking and finance sector, the Treasury Department will continue to work to ensure the resilience of the American financial services sector, and by extension the American economy, so it is resilient and able to withstand natural disasters or man-made attacks intended to disrupt, dismantle, or destroy its critical infrastructure. Economic security has been identified as a National Essential Function, and the confidence of our citizens and our trading partners depends in part on the knowledge that the U.S. financial system is at all times available and resilient in the face of all such potential incidents.

In FY 2008, the Department implemented a three point plan to avoid preventable foreclosures and to minimize the impact of the housing downturn on the U.S. economy. The plan included: increasing efforts to reach able homeowners who are struggling with their mortgages; working to increase the availability of affordable mortgage solutions for these borrowers; and leading the industry to develop a systematic means of efficiently moving able homeowners into sustainable mortgages. In FY 2009 the Department will also continue its industry-wide effort to respond to the downturn in the housing and mortgage markets. By preventing avoidable foreclosures, the Department will help to safeguard neighborhoods and communities, and fulfill our primary responsibility of protecting the broader U.S. economy.

***Strengthening National Security*** – The Treasury Department leads the U.S. government’s multi-faceted effort to keep the world’s financial systems free and open to legitimate uses, while excluding those who wish to use those systems for illegal purposes, through its Office of Terrorism and Financial Intelligence (TFI). Since its creation in FY 2004, TFI has expanded its capabilities from focusing on the current intelligence process to the production and dissemination of analysis on strategic and systemic issues.

TFI’s Office of Foreign Asset Control (OFAC) successfully executes sanctions against foreign countries, targeted regimes, and entities and individuals, including residual enforcement actions associated with programs that have been lifted. 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. In administering and enforcing these economic sanctions, it is imperative that OFAC maintain a close working relationship with other federal departments and agencies in order to ensure both that these programs are implemented in a manner consistent with U.S. national security and foreign policy interests, and that they are enforced effectively.

Over the past several years, the Department has focused its efforts on exploiting current intelligence, building breadth and depth in its analytic ranks, improving its strategic analytic capability, and building the capacity to perform systemic analyses of national security threats.

In FY 2009, the Department will build on these capabilities by using its unique expertise to help coordinate the collection and analysis of information regarding the means, methods, and networks that form the financial underpinning of national security threats, and develop the tools to address those threats. Requested resources will be targeted to aligning collection on finance-related issues more closely with policymaker needs by driving the requirements process; developing and taking advantage of new sources of information; enhancing analysis on finance-related issues in coordination with the intelligence community (IC); expanding Treasury's role and relationships within the IC; and ensuring TFI's Office of Intelligence and Analysis' infrastructure meets these new responsibilities.

***Producing Effective Results*** – The Department continues to work at providing the tools necessary to execute the Treasury Department's mission in the most efficient and cost effective manner. Essential components required for achieving the Department's mission include human resources, facility services, information technology, budgetary services, and procurement.

In FY 2007, the Treasury Department ably executed initiatives aimed at supporting the goals of the organization. For example, the Department successfully transitioned to a new Department-wide Complaint Management Tool, which enabled the capture of Treasury-wide data at the pre-complaint phase of the EEO process. The data provided by the system is being used by management to measure the timeliness and effectiveness of the EEO counseling process. For the first time, the Treasury Department instituted service-wide standards for the operation of the Treasury Complaint Center to assist us in meeting our oversight responsibility.

During FY 2007, DO led a successful Department-wide effort to address a number of human capital issues. Program accomplishments included implementing of a human capital accountability and audit program; developing and issuing Succession Management and Workers Compensation policies; leading efforts to strengthen agency-wide performance management; improving hiring processes and timeliness; and leading or facilitating initiatives that added value to the agency's ability manage the workforce. The Department built a Treasury-wide training program to provide the required training to meet the first year requirements of the No Fear Act. In addition to making that training available across the Department, the program has been shared with other federal agencies.

To enhance human capital management within the Department in FY 2009, focus will be placed on: improved outreach to diverse groups, including establishing intern programs from sources such as the Hispanic Association of Colleges and Universities, Historically Black Colleges and Universities, the Washington Internships for Native Students, and the Workforce Recruitment Program; enhanced oversight of the Treasury Complaint Mega Center in Dallas, Texas; improved overall processing times for EEO formal complaints; increased participation in Alternative Dispute Resolution (ADR) programs and activities, with an emphasis on dispute prevention and conflict resolution; and establishment of

Treasury-wide goals to measure our progress in hiring individuals with disabilities, with monitoring of accomplishments in this area.

Within DO, resources will be dedicated to: revising and developing personnel policies, programs and processes; developing and delivering new supervisory and leadership training to create and sustain a learning environment within DO; assisting offices in focusing on succession planning; providing the necessary support to implement ongoing government-wide initiatives to build a robust intelligence analysis capability; and expanding and formalizing the DO telework program to help attract, employ and retain the best and brightest from among today's workforce.

The Department of the Treasury is committed to strengthening the IT investment management, and has recently taken additional steps to do so. First, the Department has included all IT investments under the Department's *IT Capital Planning and Investment Control Policy* processes. Second, the Department is establishing a process to ensure that the Project and Program Managers are certified in accordance with OMB requirements. Finally, the Department is working to better engage the Department's executive leadership by re-establishing the Executive Investment Review Board (E-Board). The E-Board will: make recommendations to the Secretary on strategic IT priorities for the Treasury based on statutory requirements, the President's Management Agenda, the Treasury Strategic Plan, or issues identified by GAO or the Department's Inspectors General; annually review the IT Strategic Plan prepared by the Chief Information Officer (CIO); determine the IT investments (and corresponding budgets) that best support the Treasury's missions and program delivery processes; review the progress of existing systems and ongoing IT projects to determine if they should proceed as planned, be redirected or discontinued; and evaluate the results achieved by the use/operation of Treasury IT systems to ensure Treasury IT investments yield the planned results.

The Office of the Procurement Executive (OPE) continues to provide Department-wide acquisition policy and oversight, ensuring proper business controls, continuous improvement and achievement of key acquisition goals. OPE, in conjunction with the CIO, implemented a High Impact Acquisition (HIA) program designed to support improved oversight and management of the Department's information technology investments. The HIA program requires contract reviews by contracting officers in consultation with program managers as part of the quarterly Capital Planning and Investment Control quarterly reviews. These reviews cover over 150 contracts each quarter, and result in an executive scorecard of investments with contract issues that require corrective action planning. The HIA scorecard promotes executive level engagement in IT issues as it is distributed regularly to the Treasury Acquisition Council, the CIO Council (the Treasury Investment Review Board), and the Chief Financial Officer Council, and will be used in assessments of bureau budget requests.

Finally, the Office of Emergency Programs (OEP) facilitated a series of training exercises in the area of continuity of operations during critical national security and emergency events. OEP worked with the Secret Service to standardize emergency notification procedures in the Secret Service-Treasury Command Center. The office provided



management support to over 30 Main Treasury incidents in FY 2006, and is on track to double this number in FY 2007. This office took the lead in managing numerous Treasury-wide incidents such as hurricanes, floods, and security incidents at remote facilities throughout the year and will continue to do so going forward.

## Section 2 – Budget Adjustments and Appropriation Language

### 2.1 – Budget Adjustments Table

Dollars in Thousands

Departmental Offices - S & E	FTE	Amount
<b>FY 2008 Enacted</b>	<b>1,133</b>	<b>\$248,360</b>
<b>Base Realignment:</b>		
OIA – Base Realignment		(1,000)
OIA – Global Finance Initiative		1,000
<b>Maintaining Current Levels (MCLs):</b>		
Non-Pay Inflation Adjustment		2,396
Pay Annualization		837
Pay Inflation Adjustment		2,849
<b>Initiative Annualization:</b>		
IA - Annualization of FY 2008 Initiative	4	748
OFAC - Annualization of FY 2008 Initiatives	5	986
OIA - Annualization of FY 2008 Initiatives	9	1,465
TFFC - Annualization of FY 2008 Initiatives	4	803
TP - Annualization of FY 2008 Initiatives	2	431
<b>Non-Recurring Costs:</b>		
SCIF		(1,500)
<b>Transfers In:</b>		
DOIT - Disaster Recovery		1,724
<b>Total FY 2009 Base</b>	<b>1,156</b>	<b>\$259,099</b>
<b>Program Increases:</b>		
DF - Debt Management Office Analytical Support	2	3,000
DF - Ensuring National Security Through CIP		1,300
DO - Operations Center	24	6,200
OFAC - State Sponsored Terrorism (Iran and Sudan)	4	1,380
OGC - General Counsel Support for CFIUS	2	483
OIA - Counterintelligence and Security Capabilities Enhancement	3	1,433
OIA - Global Finance Initiative	10	1,000
Subtotal FY 2009 Program Changes	<b>44</b>	<b>14,796</b>
<b>Total FY 2009 Request</b>	<b>1,200</b>	<b>\$273,895</b>

### 2A – Budget Increases and Decreases Description

**Base Realignment** ..... +\$0 / +0 FTE

*Office of Intelligence Analysis (OIA) - Base Realignment -\$1,000,000 / +0 FTE*

A portion of the Treasury base funding will be transferred within the DO budget to support the Global Finance Initiative.

*OIA - Global Finance Initiative +\$1,000,000 / +0 FTE*

In FY 2009, Treasury will realign \$1 million in base resources to support the Global Finance Initiative for a total of \$2 million. This investment is described in more detail in the “Program Increases” section below.

**Maintaining Current Levels (MCLs)** ..... +\$6,082,000 / +0 FTE

*Non-Pay Inflation Adjustment +\$2,396,000 / +0 FTE*

Funds are requested for the inflationary increases to non-labor related items such as contracts, travel, supplies, equipment, and General Services Administration (GSA) rent adjustments; and Department of State overseas Capital Security Cost Sharing.

Pay Annualization +\$837,000 / +0 FTE

Funds are requested for the FY 2009 cost of the January 2008 pay increase.

Pay Inflation Adjustment +\$2,849,000 / +0 FTE

Funds are requested for the proposed January 2009 pay raise.

**Initiative Annualization .....+\$4,433,000 / +23 FTE**

Funds are requested for completing the full-year cost and FTE realization of positions from enacted FY 2008 initiatives.

Office of International Affairs (IA) - Annualization of FY 2008 Initiative +\$748,000 / +4 FTE

In FY 2008, funds were enacted to recruit investment flow analysts and other specialists. This function is necessary to provide adequate support for, and measure progress toward, achieving the International Affairs objective of ensuring national security and increasing economic growth.

Office of Foreign Asset Control (OFAC) - Annualization of FY 2008 Initiatives +\$986,000 / +5 FTE

In FY 2008, resources were enacted to continue the Treasury Department's efforts in combating terrorism networks and state sponsors of terrorism. New Executive Orders with respect to Sudan and Syria were issued in 2006 and the Administration is extensively engaged with respect to Iran. Funding was also enacted to expand the weapons of mass destruction (WMD) sanctions program by strengthening OFAC's ability to track, identify, and designate financiers and other supporters of WMD proliferation. Finally, additional support was enacted to expand enforcement capacity in support of investigation and blocking activities, which are critical to the enforcement of sanctions.

OIA - Annualization of FY 2008 Initiatives +\$1,465,000 / +9 FTE

In FY 2008, funding was enacted to expand OIA's analytic programs to meet increased demands and expand the breadth and depth of its analytic coverage to address emerging national security threats and issues. Additionally, resources were provided to integrate Treasury further into the Intelligence Community (IC); to increase Departmental access to critical intelligence; and to expand the Department's ability to coordinate on terrorist-financing and WMD proliferation matters with the IC, law enforcement communities, and foreign partners. Finally, funding was enacted for OIA's Office of Intelligence Support (OIS) to provide intelligence on a full range of political, economic, and security matters to the Secretary, Deputy Secretary and other senior Treasury leadership. The information provided by OIS is critical for the participation by the Treasury Department's senior leaders in the policymaking process National Security Council.

Office of Terrorist Financing and Financial Crimes (TFFC) - Annualization of FY 2008 Initiatives +\$803,000 / +4 FTE

In FY 2008, resources were enacted for additional policy advisors dedicated to disrupting terrorist financial networks in the Western Hemisphere, Africa and the Middle East-South

Asia nexus, bringing together the U.S. government tools available to law enforcement and national security agencies. Funding was also provided to target rogue regimes such as North Korea and other significant national security hot spots (including Afghanistan, Pakistan, India, and Central Asia).

Office of Tax Policy (TP) - Annualization of FY 2008 Initiatives +\$431,000 / +2 FTE

In FY 2008, funds were enacted to increase tax policy analytical support. TP presently has only limited capability to produce analyses for a narrow range of tax policy changes. Additional resources dedicated to this analysis will afford decision makers estimates of the full effect of tax policy changes decision-makers in order to inform tax policy determinations. The resources requested will facilitate production of these estimates for proposed Federal tax legislation. This funding annualizes that initiative to ensure full year funding for FY 2008 hires.

**Non-Recurring Costs .....-\$1,500,000 / +0 FTE**

Sensitive Compartmented Information Facility (SCIF) -\$1,500,000 / +0 FTE

Of the \$3 million in SCIF funding enacted in FY 2008, \$1.5 million is non-recurred in FY 2009.

**Transfers In .....+\$1,724,000 / +0 FTE**

DOIT - Disaster Recovery +\$1,724,000 / +0 FTE

The FY 2009 budget proposes to transfer funding for its disaster recovery site from the Department-wide Systems and Capital Investments Program account to the DO Salaries and Expenses account due to the fact that the funds are for continuing operations and not development. The DO disaster recovery site was established in 2002 at another government site in West Virginia. The servers, workstations and network devices were procured and installed as part of the seat management contract. Thus, the systems are paid for over a three- or four-year period and refreshed at the end of the cycle. The fixed cost of equipment, labor and leased telecommunications lines are mandatory expenses that will continue in perpetuity.

**Program Increases .....+\$14,796,000 / +44 FTE**

DF - Debt Management Office Analytical Support +\$3,000,000 / +2 FTE

A complete revamp of the Office of Debt Management's (ODM) information technology systems is necessary to equip decision makers with better models so that more accurate and timely projections can be made. This will result in more effective financing of the Federal Government and will increase the reliability of crucial data on which the capital markets rely. By investing in ODM's systems, the Treasury Department will be in a position to significantly reduce the risk of operational failure, better manage its \$9+ trillion debt portfolio and improve national security. Securing the ODM infrastructure through multiple failsafe mechanisms and backup facilities will ensure that the U.S. Treasury market remains the most important sovereign issuer in global capital markets. This modernization will make the U.S. debt management technology more comparable to the sophisticated systems used in other countries like the United Kingdom, Canada, and Japan. Additionally, the potential cost savings for the American public from completing

this initiative is significant - a one basis point reduction in interest costs would save the US taxpayer \$430 million annually.

*DF - Ensuring National Security Through the Office of Critical Infrastructure Protection*  
*+\$1,300,000 / +0 FTE*

This funding will help prepare the American financial services sector against disasters, either natural or manmade. The mission of this office is to lead the efforts of the Banking and Finance Sector to maintain and improve the security and resilience of the U.S. financial infrastructure. Initiatives currently underway have made a direct and positive impact on cooperative public-private sector efforts to identify threats and vulnerabilities, to share critical information, and to work together to mitigate risks to the sector and protect the U.S. economy and our national security. Given the important mission and its many accomplishments, the FY 2009 budget seeks additional resources to expand the work of providing for the resilience and protection of the Nation's financial services infrastructure. Additional funding will allow for further international exercises with entities such as the European Central Bank, extensive mapping of the financial sector, and the establishment of secure communications with financial institutions.

*DO - Operations Center* *+\$6,200,000 / +24 FTE*

The war on terror and the increasing globalization of the world economy requires the Department of the Treasury's policy offices and bureaus to coordinate actions in a dynamic environment. Interactions with international financial markets, regulation of domestic financial markets, and the financial analysis of terrorist organizations demand continuous coordination. The global scope of the Treasury Department's operation requires a 24/7 monitoring capability. Only instant communication and continuous coordination will enable the Department to respond efficiently to an international or domestic financial crisis. The FY 2009 budget establishes an Operations Center that will act as a fusion center for the processing, dissemination, and coordination of crisis management actions of policy offices including international affairs, domestic finance, and intelligence analysis. It will incorporate and expand the existing Market Room's capacity to monitor international and domestic financial markets; coordinate actions with Federal agencies, foreign governments, and global financial markets; and manage the Department's global operations on a daily basis. The center will include representatives from key Treasury Department policy offices and will provide them with necessary communication equipment and information technology.

*OFAC - State Sponsored Terrorism (Iran and Sudan)* *+\$1,380,000 / +4 FTE*

The FY 2009 budget proposes to enhance capacity to effectively administer and implement the application of economic sanctions to state-sponsors of terrorism, such as Iran and Sudan, as well as terrorists, terrorist groups, and their support networks. The funds will provide additional sanctions investigators; enforcement, compliance, licensing, blocking, and civil penalties officers; Freedom of Information Act specialists; and program advisor and records management specialists to support these efforts.

Office of General Counsel (OGC) - General Counsel Support for the Committee on Foreign Investment in the United States (CFIUS) +\$483,000 / +2 FTE

The Office of the Assistant General Counsel for IA requires additional legal support so that it may meet the increased demand to support clients on the Treasury-chaired Committee on Foreign Investment in the United States. The number of cases reviewed by CFIUS has substantially increased, as has the scrutiny accorded to each case. Treasury Department attorneys are involved much earlier in the process of case review and are devoting far more time to each case in order to examine jurisdictional issues and participate in interagency discussions of possible mitigation agreements when potential national security threats are present.

OIA - Counterintelligence and Security Capabilities Enhancement +\$1,433,000 / +3 FTE

Funding this initiative is critical to the Department's efforts to address current and emerging threats that affect its national security mission. These include: preventing espionage in the Department; thwarting adversarial threats to our personnel, programs, and facilities; and identifying and mitigating threats from compromise of Treasury critical programs or theft. As Treasury's national security mission increases, Treasury becomes a greater target of foreign adversaries. This initiative builds on the recent Departmental Counterintelligence assessment. Furthermore, this initiative aligns with the Director of National Intelligence's National Intelligence Strategy Enterprise Objective Seven and the National Counterintelligence Strategy.

OIA - Global Finance Initiative +\$1,000,000 / +10 FTE

Targeted financial measures supported by sound financial intelligence have become one of the most effective weapons against national security threats, as policymakers continue to seek options short of military force. Treasury's efforts in this area have been instrumental in disrupting terrorist financing and applying pressure on countries such as Iran and North Korea in direct support of U.S. policy goals. This initiative provides \$2 million, including a realignment of \$1 million in base resources, and 10 positions to establish a capability to facilitate the coordination of global finance intelligence issues within the IC. These resources will enable OIA, Treasury's intelligence component, to effectively leverage information from the IC to provide actionable intelligence to senior policymakers in support of these increasingly utilized measures, and to play a critical role in facilitating coordination across the IC on matters related to financial intelligence. Resources will be targeted to aligning collection requirements on finance-related issues more closely with policymaker needs; developing and taking advantage of new sources of information; enhancing analysis on finance-related issues in coordination with the IC; expanding OIA's role and relationships within the IC; and ensuring OIA's infrastructure meets these new responsibilities. This initiative is aligned with key tasks and objectives of the National Security Strategy, the National Intelligence Strategy, the National Implementation Plan for the War on Terror, and the Treasury Strategic Plan.

## 2.2 – Operating Levels Table

Dollars in Thousands

Bureau: Departmental Offices - S & E	FY 2007 Enacted	FY 2008 President's Budget	Cong. Action including Rescission	FY 2008 Enacted Level	FY 2009 Requested Level
<b>FTE</b>	<b>1,055</b>	<b>1,133</b>			<b>1,200</b>
<b>Object Classification:</b>					
11.1 - Full-time permanent	107,172	112,379	0	112,378	130,297
11.3 - Other than full-time permanent	2,781	2,781	0	2,781	2,781
11.5 - Other personnel compensation	197	197	0	197	197
11.8 - Special personal services payments	0	0	0	0	0
12 - Personnel benefits	23,792	23,843	0	23,843	28,377
13 - Benefits for former personnel	0	0	0	0	0
21 - Travel and transportation of persons	4,200	6,789	0	6,790	5,047
22 - Transportation of things	0	0	0	0	0
23.1 - Rental payments to GSA	4,000	5,239	0	5,239	4,000
23.2 - Rental payments to others	0	0	0	0	0
23.3 - Comm, utilities, and misc charges	13,146	7,967	0	7,967	14,058
24 - Printing and reproduction	2,715	3,615	0	2,715	2,715
25 - Other contractual services	0	0	0	0	0
25.1 - Advisory and assistance services	26,690	52,837	(1,782)	51,055	37,699
25.2 - Other services	13,612	0	0	9,724	19,229
25.3 - Other purchases of goods and services from Govt. accounts	15,751	28,564	0	18,840	22,249
25.4 - Operation and maintenance of facilities	900	0	0	900	900
25.5 - Research and development contracts	0	0	0	0	0
25.6 - Medical care	0	0	0	0	0
25.7 - Operation and maintenance of equip	1,000	1,000	0	1,000	1,000
25.8 - Subsistence and support of persons	0	0	0	0	0
26 - Supplies and materials	0	3,857	0	3,857	3,426
31 - Equipment	392	1,073	0	1,073	1,920
32 - Land and structures	0	0	0	0	0
33 - Investments and loans	0	0	0	0	0
41 - Grants, subsidies, and contributions	0	0	0	0	0
42 - Insurance claims and indemnities	0	0	0	0	0
43 - Interest and dividends	0	0	0	0	0
44 - Refunds	0	0	0	0	0
<b>Total Budget Authority</b>	<b>\$216,348</b>	<b>\$250,141</b>	<b>\$(1,782)</b>	<b>\$248,360</b>	<b>\$273,895</b>
<b>Budget Activities:</b>					
Executive Direction	19,728	19,816	933	20,749	21,592
Economic Policies and Programs	38,393	45,450	(1,208)	44,242	45,853
Financial Policies and Programs	24,695	28,869	595	29,465	34,735
Terrorism and Financial Intelligence	47,540	56,224	551	56,775	61,712
Treasury-wide Management and Programs	16,748	19,010	(348)	18,505	19,009
Administration Programs	69,244	80,772	(2,305)	78,624	90,994
<b>Total Budget Authority</b>	<b>\$216,348</b>	<b>\$250,141</b>	<b>\$(1,782)</b>	<b>\$248,360</b>	<b>\$273,895</b>

## 2.3 – Appropriations Detail Table

Dollars in Thousands

Resources Available for Obligation	FY 2007 Obligations <sup>1</sup>		FY 2007 Enacted		FY 2008 Enacted		FY 2009 Request		% Change FY 2008 to FY 2009	
	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT
	<b>Newly Appropriated Resources:</b>									
Executive Direction Programs	119	\$19,094	119	\$19,728	129	\$20,749	131	21,592	1.16%	4.06%
Economic Policies and Programs	232	35,581	232	38,393	244	44,242	247	45,853	1.44%	3.64%
Financial Policies and Programs	181	24,878	181	24,695	194	29,465	198	34,735	1.80%	17.89%
Terrorism and Financial Intelligence	264	43,115	264	47,540	308	56,775	342	61,712	11.06%	8.70%
Treasury-wide Management Policies and Programs	99	15,705	99	16,748	99	18,505	99	19,009	0.00%	2.72%
Administration Programs	160	75,154	160	69,244	160	78,624	184	90,994	15.00%	15.73%
<b>Subtotal Newly Appropriated Resources</b>	<b>1,055</b>	<b>213,527</b>	<b>1,055</b>	<b>216,348</b>	<b>1,133</b>	<b>248,360</b>	<b>1,200</b>	<b>273,895</b>	<b>5.87%</b>	<b>10.28%</b>
<b>Other Resources:</b>										
Offsetting Collections - Reimbursable	86	\$17,816	86	\$19,800	90	\$19,800	90	\$18,500	0.00%	-6.57%
<b>Subtotal Other Resources</b>	<b>86</b>	<b>17,816</b>	<b>86</b>	<b>19,800</b>	<b>90</b>	<b>19,800</b>	<b>90</b>	<b>18,500</b>	<b>0.00%</b>	<b>-6.57%</b>
<b>Total Resources Available for Obligation</b>	<b>1,141</b>	<b>\$231,343</b>	<b>1,141</b>	<b>\$236,148</b>	<b>1,223</b>	<b>\$268,160</b>	<b>1,290</b>	<b>\$292,395</b>	<b>5.44%</b>	<b>9.04%</b>

<sup>1/</sup> FY 2007 Obligations equal enacted less anticipated lapse



**2B – Appropriations Language and Explanation of Changes**

Appropriations Language	Explanation of Changes
<p style="text-align: center;">DEPARTMENT OF THE TREASURY DEPARTMENTAL OFFICES</p> <p style="text-align: center;">Federal Funds</p> <p><b>SALARIES AND EXPENSES:</b></p> <p>For necessary expenses of the Departmental Offices including operation and maintenance of the Treasury Building and Annex; hire of passenger motor vehicles; maintenance, repairs, and improvements of, and purchase of commercial insurance policies for, real properties leased or owned overseas, when necessary for the performance of official business, [\$248,360,000] \$273,895,000, [of which not to exceed \$10,840,000 is for executive direction program activities; not to exceed \$9,909,000 is for general counsel program activities; not to exceed \$44,242,000 is for economic policies and programs activities; not to exceed \$29,464,000 is for financial policies and programs activities; not to exceed \$56,775,000 is for terrorism and financial intelligence activities; not to exceed \$18,505,000 is for Treasury-wide management policies and programs activities; and not to exceed \$78,625,000 is for administration programs activities: Provided, That the Secretary of the Treasury is authorized to transfer funds appropriated for any program activity of the Departmental Offices to any other program activity of the Departmental Offices upon notification to the House and Senate Committees on Appropriations: Provided further, That no appropriation for any program activity shall be increased or decreased by more than 2 percent by all such transfers: Provided further, That any change in funding greater than 2 percent shall be submitted for approval to the House and Senate Committees on Appropriations:] Provided [further], That of the amount appropriated under this heading, not to exceed \$3,000,000, to remain available until [September 30, 2009] <i>September 30, 2010</i>, is for information technology modernization requirements; not to exceed [\$150,000] \$200,000 is for official reception and representation expenses; and not to exceed \$258,000 is for unforeseen emergencies of a confidential nature, to be allocated and expended under the direction of the Secretary of the Treasury and to be</p>	<p>The language has been amended to remove the allocation of appropriated funds by budget activity. The amended language provides flexibility to the Secretary of the Treasury to meet critical requirements in a timely manner. This methodology is in line with submissions from prior years, and will make DO’s reprogramming requirements the same as all other Treasury bureaus.</p> <p>The language requests that representation funds be increased by \$50,000 to reflect Treasury’s greater overseas presence and increased</p>

<p>accounted for solely on his certificate: Provided further, That of the amount appropriated under this heading, \$[5,114,000] 5,232,443, to remain available until [September 30, 2009] <i>September 30, 2010</i>, 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, [\$3,000,000] \$500,000, to remain available until [September 30, 2009] <i>September 30, 2010</i>, is for secure space requirements: Provided further, That of the amount appropriated under this heading, [\$2,300,000] \$1,100,000, to remain available until [September 30, 2009] <i>September 30, 2010</i>, is for salary and benefits for hiring of personnel whose work will require completion of a security clearance investigation in order to perform highly classified work to further the activities of the Office of Terrorism and Financial Intelligence: Provided further, That of the amount appropriated under this heading, [\$2,100,000] \$3,400,000, to remain available until [September 30, 2010] <i>September 30, 2011</i>, is to develop and implement programs within the Office of Critical Infrastructure Protection and Compliance Policy, including entering into cooperative agreements, <i>Provided further, That of the amount appropriated under this heading \$3,000,000 to remain available until September 30, 2011, is for modernizing the Office of Debt Management's information technology.</i></p>	<p>international responsibilities.</p>
--	--

**2C – Legislative Proposals**

Legislation has been proposed that will give the Secretary of the Treasury the ability to manage the government's short-term excess operating cash more efficiently. Under the current authority, which is codified at 31 U.S.C. 323, the Government is authorized to invest its short-term excess cash in obligations of the United States Government and depository institutions, principally banks, savings and loan associations, and credit unions. This initiative would enable the Secretary of the Treasury to broaden investment options and improve earnings on investments. This initiative is expected to increase the interest earnings on the Treasury's investment of short-term excess cash by approximately \$10 million a year. Such earnings would be deposited in the general fund of the Treasury.

This proposal is consistent with recommendations in the September 2007 GAO report entitled “Treasury has Improved Short-Term Investment Programs, but Should Broaden Investments to Reduce Risks and Increase Return.” In its report, GAO suggests that Congress consider providing the Secretary of the Treasury with broader authority in the design of an expanded repossession program. Specifically, GAO recommended that Treasury explore the reallocation of its short-term investments and, if provided the authority to do so, implement a permanent expanded repossession program that would meet Treasury’s short-term investment objectives while maintaining current minimal risk investment policies.

### Section 3 – Budget and Performance Plan

This table lists all FY 2009 resources by strategic goal, objective and outcome outlined in the FY 2007-2012 Treasury Department Strategic Plan. The Treasury Strategic Plan is a corporate level plan for the Department that provides a description of what the agency intends to accomplish over the next five years.

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

#### 3.1 – Budget by Strategic Goal<sup>1</sup>

Dollars in Thousands

TREASURY Strategic Goal	FY 2008 Enacted AMOUNT	FY 2009 Request AMOUNT	Percent Change AMOUNT
Effectively Managed U.S. Government Finances	56,431	60,087	6.48%
U.S. & World Economies Perform at Full Economic Potential	78,011	82,007	5.12%
Prevented Terrorism & Promoted the Nation's Security			
Through Strengthened International Systems	106,461	112,937	6.08%
Management and Organizational Excellence	25,957	37,364	43.95%
<b>Total</b>	<b>\$266,860</b>	<b>\$292,395</b>	<b>9.57%</b>

**3A – Executive Direction** (\$21,592,000 from direct appropriations and \$700,000 from reimbursable programs): The Executive Direction program area provides direction and policy formulation to the Department and DO, and interacts with Congress and the public on Departmental policy matters. These include: the Office of the Secretary, Deputy Secretary, Chief of Staff, Executive Secretary, General Counsel, Legislative Affairs, Public Affairs, and Treasurer.

A portion of the funds from all reimbursable programs are allocated to the Executive Direction and Administrative Programs budget activities to support management and legal services provided to reimbursable programs

<sup>1</sup> DO activities support each of the Department’s sixteen strategic outcomes. Presenting these dollars at the strategic goal level provides a better demonstration of DO’s activity levels.

### 3.2.1 – Executive Direction Budget and Performance Plan

Executive Direction Budget Activity					
Resource Level	FY 2005 Obligated	FY 2006 Obligated	FY 2007 Obligated	FY 2008 Enacted	FY 2009 Request
Appropriated Resources	\$14,430	\$16,329	\$19,094	\$20,749	\$21,592
Reimbursable Resources	\$0	\$0	\$660	\$0	\$700
<b>Total Resources</b>	<b>\$14,430</b>	<b>\$16,329</b>	<b>\$19,754</b>	<b>\$20,749</b>	<b>\$22,292</b>
<b>Budget Activity Total</b>					
	<b>\$14,430</b>	<b>\$16,329</b>	<b>\$19,754</b>	<b>\$20,749</b>	<b>\$22,292</b>

No specific performance goals/measures are presented for this budget activity as the activity supports the mission of the entire Department.

**3B – Economic Policies and Programs** (*\$45,853,000 from direct appropriations and \$3,200,000 from reimbursable programs*): A major mission of the Departmental 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. Offices within Economic Policies and Programs monitor domestic and international economic conditions and developments, and collect and analyze financial data including foreign credits and credit guarantees. They also provide advice and assistance to the Secretary in the formulation and execution of U.S. and international economic and financial policies.

Other Resources: Reimbursements totaling \$3.2 million are collected from the U.S. Agency for International Development for Treasury economic and financial technical assistance to foreign governments and from the Mansfield Center for Pacific Affairs for personnel services rendered on a rotational basis to the Government of Japan’s Ministry of Finance. (Note: A portion of these funds are allocated to the Executive Direction and Administrative Programs budget activities to support management and legal services provided to reimbursable programs.)

#### Office of International Affairs

The mission of the Office of International Affairs is to raise economic growth in developed and developing countries; improve financial stability and security in emerging and world markets; increase the effectiveness of U.S. assistance to the world’s poorest countries; enhance the functioning of the international financial institutions; and promote an open and transparent international trade and investment regime.

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

*Office of Economic Policy*

The Office of Economic Policy plays 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. EP 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.

In recent years, Treasury has taken a leadership role on the Social Security and Medicare Working Group with EP representing the Treasury Department. This group 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 published a series of Issue Briefs detailing a set of criteria and associated metrics to allow evaluations and analysis of options related to Social Security reform.

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

<b>Economic Policies and Programs Budget Activity</b>					
<b>Resource Level</b>	<b>FY 2005 Obligated</b>	<b>FY 2006 Obligated</b>	<b>FY 2007 Obligated</b>	<b>FY 2008 Enacted</b>	<b>FY 2009 Request</b>
Appropriated Resources	\$31,203	\$31,691	\$35,581	\$44,242	\$45,853
Reimbursable Resources	\$2,379	\$8,504	\$3,195	\$7,204	\$3,200
<b>Total Resources</b>	<b>\$33,582</b>	<b>\$40,195</b>	<b>\$38,776</b>	<b>\$51,446</b>	<b>\$49,053</b>
<b>Budget Activity Total</b>					
	<b>\$33,582</b>	<b>\$40,195</b>	<b>\$0</b>	<b>\$51,446</b>	<b>\$49,053</b>

<b>Economic Policies and Programs Budget Activity</b>					
<b>Measure</b>	<b>FY 2005 Actual</b>	<b>FY 2006 Actual</b>	<b>FY 2007 Actual</b>	<b>FY 2008 Target</b>	<b>FY 2009 Target</b>
Number of new trade and investment negotiations underway or completed (Oe)	N/A	N/A	N/A	Baseline	6
Improve International Monetary Fund (IMF) effectiveness and quality through periodic review of IMF programs (%) (Oe)	78%	100%	100%	90%	90%
Percentage of grant and loan proposals containing satisfactory frameworks for results measurement (%) (Oe)	78%	88%	92%	90%	90%
U.S. unemployment rate (%) (Oe)	5%	5%	5%	5%	5%
US Real Gross Domestic Product (GDP) growth rate (%) (Oe)	4%	3%	2%	3%	3%

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

*Description of Performance:* The Treasury Department is committed to participating in the negotiation and implementation of international agreements, which help to remove trade and investment barriers and stimulate domestic and global growth. This goal is accomplished by increasing the number of new Free Trade Agreements (FTAs) and Bilateral Investment Treaties (BITs). The Department continues to seek strong commitments from its trading partners to ensure those markets are available to the United States on a fair and open basis. Once implemented, the agreements serve as a core element for a trading partner’s economic infrastructure, helping to enhance international

economic and financial stability. In FY 2007, the Department of the Treasury surpassed its target.

To help ensure that the Multilateral Development Banks (MDBs) demonstrate results of their development assistance, MDBs closely monitor the percentage of grant and loan proposals containing satisfactory measurement frameworks. Over the past few years, most of the MDBs have made substantial progress towards developing frameworks that measure the results of their development assistance. For FY 2007, 92 percent of grant and loan proposals contained results measurement frameworks, exceeding the Department's target of 90 percent.

Currently, DO is working to develop meaningful performance measures that will align to the Treasury Department's Strategic Plan. Once completed in FY 2008, these new measures will replace the existing measures.

**3C – Financial Policies and Programs** (*\$34,735,000 from direct appropriations and \$4,300,000 from reimbursable programs*): Offices within Financial Policies and Programs monitor and provide advice and assistance to the Secretary in the areas of tax policy and domestic finance.

*Other Resources:* Reimbursements totaling \$4.3 million are collected from the Council of Economic Advisors and the Board of Governors of the Federal Reserve for personnel services rendered. (Note: A portion of these funds is allocated to the Executive Direction and Administrative Programs budget activities to support management and legal services provided to reimbursable programs.)

#### Office of Tax Policy

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. TP's analysis also supports the Department's management of the 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.

TP has supported the Administration's health care initiatives through significant and timely analysis of the taxation and employee benefits issues underlying many health and Medicare reform proposals. TP is currently facing two significant challenges: to improve its analytical capabilities by expanding its data systems and its economic modeling capabilities, and, working with the Internal Revenue Service, to reduce the "tax gap" through initiatives to enhance taxpayer compliance.

Office of Domestic Finance

The mission of the Office of Domestic Finance is to advise and assist the Secretary and Deputy Secretary on the domestic financial system, fiscal policy and operations, governmental assets and liabilities, and related economic and financial matters, as well as create the conditions necessary for the financial sector to be resilient in the event of unforeseeable future events.

DF covers diverse areas such as trading and clearing initiatives, risk mitigation, derivatives issues, bankruptcy/netting, hedge funds, Social Security reform, contingency of operations/business continuity planning, corporate governance and accounting issues, maintenance of the integrity of United States currency (including new currency design features), threat assessment issues, specific research and development, program planning and control, and analysis of policies related to government borrowing, banking and investing.

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

<b>Financial Policies and Programs Budget Activity</b>					
<b>Resource Level</b>	<b>FY 2005 Obligated</b>	<b>FY 2006 Obligated</b>	<b>FY 2007 Obligated</b>	<b>FY 2008 Enacted</b>	<b>FY 2009 Request</b>
Appropriated Resources	\$25,231	\$26,308	\$24,878	\$29,465	\$34,735
Reimbursable Resources	\$900	\$936	\$4,304	\$936	\$4,300
<b>Total Resources</b>	<b>\$26,131</b>	<b>\$27,244</b>	<b>\$29,182</b>	<b>\$30,401</b>	<b>\$39,035</b>

<b>Budget Activity Total</b>	<b>\$26,131</b>	<b>\$27,244</b>	<b>\$0</b>	<b>\$30,401</b>	<b>\$39,035</b>
------------------------------	-----------------	-----------------	------------	-----------------	-----------------

<b>Financial Policies and Programs Budget Activity</b>					
<b>Measure</b>	<b>FY 2005 Actual</b>	<b>FY 2006 Actual</b>	<b>FY 2007 Actual</b>	<b>FY 2008 Target</b>	<b>FY 2009 Target</b>
Audit opinion received on government-wide financial statements (Oe)	1	1	1	1	1
Release Federal Government-wide financial statements on time (Oe)	1	1	1	1	1
Variance between estimated and actual receipts (annual forecast) (%) (Oe)	5%	4%	2%	5%	5%

Key: Oe - Outcome Measure, E - Efficiency Measure, Ot - Output/Workload Measure, and M - Management/Cust. Satisfaction. \*This data is an estimate.

*Description of Performance:* In FY 2007, for the fourth consecutive year, the Treasury Department’s Office of Domestic Finance released the federal government-wide financial statements on time, and expects to meet its target for both FY 2008 and 2009. The prompt release of this statement is important because it represents the culmination of the recent government-wide campaign to accelerate the issuance of financial reporting. In addition, the Department manages the government’s cash position to ensure that funds are available on a daily basis to cover federal payments and to maximize investment earnings and minimize borrowing costs. The Department of the Treasury met its goal of receiving audit opinions on government-wide financial statements, and has plans to meet FY 2008 and 2009 targets.



The Office of Fiscal Projections ensures that funds are available on a daily basis to cover federal payments, maximize investment earnings, and minimize borrowing costs. The metric “variance between estimated and actual receipts” measures the accuracy of the office’s monthly forecast of budget receipts over the entire year.

In FY 2007, the Office of Fiscal Projections continued to improve its receipt forecasting and exceeded its targeted variance level of 5 percent. In FYs 2008 and 2009, a new analytical functionality will be added to make additional improvements in receipt projections. Combining improved receipt forecasting with more accurate projection of outlays and other cash flow components will allow the Department to reach its primary goals of cash and debt management: (1) lowest cost of borrowing over time; (2) adequate cash balances to meet Federal obligations at all times; and (3) investment of excess cash balances to increase the rate of return and lower even further the net cost of borrowing.

After review, it has been determined that the current performance measures are not adequate or meaningful. Therefore, the Department is in the process of developing new measures that align with the Treasury Strategic Plan. Once the new measures have been developed in FY 2008, existing measures will be discontinued and replaced.

**3D – Terrorism and Financial Intelligence** (*\$61,712,000 from direct appropriations and \$4,000,000 from reimbursable programs*): The Office of Terrorism and Financial Intelligence (TFI) marshals 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.

Other Resources: Reimbursements totaling \$4.0 million are collected from the Executive Office of Asset Forfeiture and the U.S. Department of Defense. (Note: A portion of these funds is allocated to the Executive Direction and Administrative Programs budget activities to support management and legal services provided to reimbursable programs.)

#### *The Office of Foreign Asset Control*

The Office of Foreign Asset Control 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, including residual enforcement actions associated with programs that have been lifted. Although these 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.

The majority of programs administered and enforced by OFAC arise from the President’s authorities under the International Emergency Economic Powers Act (IEEPA). In

administering and enforcing these economic sanctions, OFAC must maintain a close working relationship with other federal departments and agencies in order to ensure both that these programs are implemented in a manner consistent with U.S. national security and foreign policy interests, and that they are enforced effectively. To fulfill its mission, OFAC works directly with the Departments of State, Commerce, and Justice (including the Federal Bureau of Investigation and the Drug Enforcement Administration); the Department of Homeland Security's U.S. Customs and Border Protection and U.S. Immigration and Customs Enforcement; the Department of Defense; bank regulatory agencies; and other law enforcement and intelligence community agencies.

*Office of Intelligence and Analysis*

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

*The Office of Terrorist Financing and Financial Crimes*

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

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

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

Terrorism and Financial Intelligence Budget Activity					
Resource Level	FY 2005 Obligated	FY 2006 Obligated	FY 2007 Obligated	FY 2008 Enacted	FY 2009 Request
Appropriated Resources	\$34,796	\$39,540	\$43,115	\$56,775	\$61,712
Reimbursable Resources	\$6,167	\$6,987	\$3,934	\$6,987	\$4,000
<b>Total Resources</b>	<b>\$40,963</b>	<b>\$46,527</b>	<b>\$47,049</b>	<b>\$63,762</b>	<b>\$65,712</b>

<b>Budget Activity Total</b>	<b>\$40,963</b>	<b>\$46,527</b>	<b>\$47,049</b>	<b>\$63,762</b>	<b>\$65,712</b>
------------------------------	-----------------	-----------------	-----------------	-----------------	-----------------

Terrorism and Financial Intelligence Budget Activity					
Measure	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Target	FY 2009 Target
Increase the number of outreach engagements with the charitable and international financial communities (Ot)	95	45	85	70	70
Number of countries that are assessed for compliance with the Financial Action Task Force (FATF) 40+9 recommendations (Ot)	49	5	6	12	12
Number of open civil penalty cases that are resolved within the Statute of Limitations period (Ot)	85	85	296	120	120

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

*Description of Performance:* Currently, DO is working to develop meaningful performance measures that will align to the Treasury Department's Strategic Plan. Once these new measures have been developed in FY 2008, existing measures will be discontinued and replaced.

**3E – Treasury-wide Management and Programs** (\$19,009,000 from direct appropriations and \$2,700,000 from reimbursable programs): Treasury-wide Management's (TWM) primary responsibility within the Department of Treasury is to create the conditions that allow for Administration priorities and goals to be achieved in the most efficient and effective manner. Treasury-wide Management provides strategic plans and policy direction in the fields of: human resources; emergency management (including Treasury employee evacuation and Continuity of Operations); information technology security; and financial administration (including the formulation and management of the Treasury budget). The development of these integrated plans helps to align policy and operations in order to produce maximum value for the American people.

*Other Resources:* Reimbursements totaling \$2.7 million are collected from the Internal Revenue Service Oversight Board, Department of Homeland Security, D.C. Pensions, and other Treasury bureaus for services rendered. (Note: A portion of these funds is allocated to the Executive Direction and Administrative Programs budget activities to support management and legal services provided to reimbursable programs.)

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

Treasury-wide Management and Programs Budget Activity					
Resource Level	FY 2005 Obligated	FY 2006 Obligated	FY 2007 Obligated	FY 2008 Enacted	FY 2009 Request
Appropriated Resources	\$16,245	\$16,674	\$15,705	\$18,505	\$19,009
Reimbursable Resources	\$0	\$3,373	\$2,696	\$3,373	\$2,700
<b>Total Resources</b>	<b>\$16,245</b>	<b>\$20,047</b>	<b>\$18,401</b>	<b>\$21,878</b>	<b>\$21,709</b>

<b>Budget Activity Total</b>	<b>\$16,245</b>	<b>\$20,047</b>	<b>\$18,401</b>	<b>\$21,878</b>	<b>\$21,709</b>
------------------------------	-----------------	-----------------	-----------------	-----------------	-----------------

Treasury-wide Management and Programs Budget Activity					
Measure	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Target	FY 2009 Target
Injury and illness rate Treasurywide-including DO (Oe)	3	1	1	1	1
Number of open material weaknesses closed identified (Oe)	7	1	0	3	1
Management cost per Treasury employee (\$) (E)	\$ 39	\$ 41	\$ 30	\$ 38	\$ 38
Complete investigations of EEO complaints within 180 days (%) (Oe)	36%	20%	52%	50%	50%
Percent of complainants informally contacting EEO (for the purposes of seeking counseling or filing a complaint) who participate in the ADR process (%) (Oe)	25%	25%	29%	30%	30%

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

*Description of Performance:* DO, through TWM, is committed to building a strong institution that is dedicated to serving the public's interest and focused on delivering results. The focus of the past year has been on ways to measure progress toward key goals related to building a world-class organization Treasury-wide.

The Department met its goal of completing investigations of Equal Employment Opportunity (EEO) complaints within 180 days. In FY 2007, the Treasury Department instituted service level standards to assess the performance of the Treasury Complaint Mega Center, which processes all EEO complaints for all Treasury bureaus. This is part of the Department's initiative to improve oversight of the center and ensure continuous improvement in operations. The establishment of the position for Chief, Complaint Operations, is needed to assist the efforts to hold the organization accountable for improvements in quality and reduction in timeframes to process complaints.

The FY 2007 performance goal to reduce the percent of complainants informally contacting EEO (for the purposes of seeking counseling or filing a complaint) who participate in the ADR process was met. However, to reduce the Department's costs, increased attention and emphasis should be placed on effective dispute prevention programs, in addition to an effective ADR program that is viewed as fair and objective by employees and managers. In FY 2006, the Treasury Department spent over \$1 million dollars to settle EEO complaints, and over \$9 million in a U.S. Mint class action settlement.

In FY 2004, the Department of Labor recognized Treasury for reducing the total injury and lost time injury rates by more than 10 percent each, well below the recommended 3

percent for all federal agencies. In 2007, Treasury continued its aggressive occupational safety and health program and had an additional 1.4 percent reduction. In February 2007, Treasury received an award from the Department of Labor for reducing more injuries and illnesses, including those that resulted in time away from work, than any other Federal Agency.

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

**3F – Administration Programs** (*\$90,994,000 from direct appropriations and \$3,600,000 from reimbursable programs*): Administration Programs provides operational support and shared services to all offices within DO. Activities include accounting, budget, human resources, information technology, procurement, facilities support, and travel services. Approximately one-third of the budget activity relates to information technology support (including desktop computers, printers, faxes, copiers, and helpdesk support). Another one-third consists of shared services: GSA rent, utilities, telecommunications, printing and graphics, public transit subsidy, workers compensation, and financial system support. By centralizing shared services, economies of scale and workload efficiencies are achieved. The final third consists of employee salaries, routine building maintenance, custodial services, library services, and the like.

A portion of the funds from all reimbursable programs is allocated to the Executive Direction and Administrative Programs budget activities to support management and legal services provided to reimbursable programs.

### 3.2.6 – Administration Programs Budget and Performance Plan

Administration Programs Budget Activity					
Resource Level	FY 2005 Obligated	FY 2006 Obligated	FY 2007 Obligated	FY 2008 Enacted	FY 2009 Request
Appropriated Resources	\$56,506	\$63,094	\$75,154	\$78,624	\$90,994
Reimbursable Resources	\$0	\$0	\$3,028	\$0	\$3,600
<b>Total Resources</b>	<b>\$56,506</b>	<b>\$63,094</b>	<b>\$80,878</b>	<b>\$78,624</b>	<b>\$94,594</b>
<b>Budget Activity Total</b>	<b>\$56,506</b>	<b>\$63,094</b>	<b>\$80,878</b>	<b>\$78,624</b>	<b>\$94,594</b>

No specific performance goals/measures are presented for this budget activity as the activity supports the mission of the entire DO, whose work is captured in other performance measures.

For detailed information about each performance measure, including definition, verification and validation, please go to:

<http://www.treasury.gov/offices/management/dcfo/accountability-reports/2007-par.shtml>

## **Section 4 – Supporting Materials**

---

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

By providing sound advice and guidance on staff employment/retention, recognition, relations/benefits, performance and development, the DO's Office of Human Resources (OHR) helps ensure the availability of HR tools required to manage human capital effectively to support relevant strategic goals and mission accomplishment.

Specific accomplishments for fiscal year 2007 include the following:

**HC Strategic Goal 1: Organizational Effectiveness** – *Align human capital plans, strategies, and systems to achieve organizational effectiveness and mission accomplishment.*

- Upon issuance of the 2006 Federal Human Capital Survey Results by the Office of Personnel Management (OPM), OHR immediately took assessment of the results specific to DO, which were generally quite favorable. Management briefings were conducted and action plans implemented to address areas of concern and the greatest challenges. Many of the issues raised in the survey were addressed through prior initiatives to revise several DO policies such as those covering Performance Management and telework. New strategies are being developed to better assess the training/developmental needs of all DO staff.
- Several DO Management and Policy offices have been identified for skill gap analyses and detailed succession plans to ensure vital components within Main Treasury continue to have the talent and skills necessary to accomplish their missions.
- Within OHR, further organizational restructuring resulted in the establishment of an area specifically dedicated to staff development and workforce analysis. Enhancements were made to all existing supervisory/leadership programs to better clarify training objectives and complete requirements. and ensure closer alignment with DO subject matter that is mission-related.
- OHR has worked to establish Senior Administrative Contacts for each policy office to partner with in the implementation of significant HR initiatives and

provide administrative support and a sounding board for management to communicate their own unique organizational challenges.

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

- OHR continues to work closely with OIA to effectively meet and deal with significant recruitment challenges and quickly filling analyst positions with the best-qualified individuals to support anti-terrorist efforts.
- DO continued its exercise of excepted appointments to ensure that new talent is hired as quickly as possible, e.g., by using Presidential Management Fellows, the Student Career Experience Program, DO specific fellowship programs, and other authorities. DO actively supports initiatives aimed at increasing the diversity of its workforce, including the use of student interns under the Hispanic National Internship Program and the Washington Internships for Native American Students (WINS). Selected entry-level vacancy announcements are also referred automatically to organizations assisting qualified disabled applicants.
- DO also continues to advocate the use of pay and workplace scheduling flexibilities, where appropriate, e.g., recruitment bonuses, superior qualifications appointments, alternative work schedules and telework.

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

- OHR has continued conducting “Benefits Brown Bag” sessions. These one-hour sessions are scheduled to address staff benefit programs to help employees make better informed choices and relevant decisions in order to enhance their quality of life. Sessions fill quickly and the feedback is overwhelmingly positive.
- Because of the substantial number of DO employees eligible to retire within the next five years, OHR plans to contract with an outside vendor to provide several retirement seminars during this fiscal year.



- Plans have also been implemented to conduct a special session for DO staff concerning Estate Planning.

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

- Plans are underway to implement the E-OPF (Official Personnel Folder) initiative mandated by the Office of Personnel Management by FY 2010. Cost projections have been prepared, appropriate requests submitted and a search has begun for possible immediate residual funding resources. Electronic employment files will contribute to the paperless, efficient, versatile operation of OHR particularly in meeting the challenges associated with employment data needs on short notice or during government shutdowns or other unexpected emergencies. Employee access to electronic SF-50 Personnel Actions was accomplished in July, 2007.
- Concerted efforts have been implemented to identify those remaining DO staff not registered into the HR Connect system. A concentrated marketing effort and plan is being implemented to get to a 100% staff registration rate. A special training system on HR Connect system capabilities has been provided to the Senior Administrative Contacts. Also, an HR Connect training session for participants was incorporated into the DO New Supervisory Readiness Training Program.
- A new OHR phone system is being implemented to connect customers directly to the appropriate resource based on specific customer needs. Callers will also have the option of remaining on the line for the next available staff member (as opposed to leaving a voicemail).

As in the previous fiscal year, DO is confronted with numerous human capital challenges in FY 2008:

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

Strategies for Addressing Challenge:

- Increase education about and support of a variety of hiring/retention flexibilities and incentives, such as direct hire (where request to OPM is appropriate), superior qualifications appointments, recruitment bonuses, student loan repayment, retention allowances, alternative work arrangements/schedules and other work life issues.
  - Contractual arrangements are under consideration to obtain the services of the Corporate Executive Board Recruiting Roundtable to explore cutting edge strategies to meet DO's most challenging recruitment goals.
  - Enhance workplace flexibilities such as implementation of a revised telework policy to attract good applicants, increase employee job satisfaction, and retain employees them for years to come.
- Loss of institutional knowledge through retirement waves, particularly for critical subject experts, managers and senior executives.

Strategies for Addressing Challenge:

- Increase emphasis on determining leadership bench strength and supporting leadership/executive development programs that help to identify and prepare cadres of future leaders, and gain approval to hire at a level needed to continue to meet mission objectives.
  - Work with DO policy offices to identify succession issues and develop appropriate strategies, emphasizing an overall need to conduct workforce planning to transition and maintain technical knowledge.
  - Implement a broad, systematic approach whereby both line staff and management can assess individual staff training needs on an annual basis and identify relevant fiscal requirements in meeting them.
- Instilling and developing a performance management culture that is results-oriented.

Strategies for Addressing Challenge:

- Implementation of a revised performance management policy that is clear, direct, and identifies and links commitments to organizational goals that are measurable and results-based.
- Conduct perpetual reviews of DO policy office performance management programs to ensure staff are on performance plans and receiving timely feedback from their supervisors.
- Ensure performance awards are distributed in a fair manner and that their justification is based on objective, relevant, and merit-based criteria.

#### 4.1 – Summary of IT Resources Table

Dollars in Thousands

Information Technology Investments <sup>1/</sup>		FY 2006 & Earlier Enacted <sup>2/</sup>	FY 2007 Enacted	FY 2008 Enacted	% Change from FY07 to FY08	FY 2009 Requested	% Change from FY08 to FY09
Major IT Investments / Funding Source	Budget Activity						
Securities Management	Financial Policies and Programs	\$425	\$0	\$0	N/A	\$3,000	N/A
Treasury Foreign Intelligence Network (TFIN)	Terrorism and Financial Intelligence (TFI)	\$0	\$0	\$3,000	N/A	\$3,314	27.0%
Treasury Secure Data Network (TSDN)	Executive Direction, Economic Policy, TFI	\$2,772	\$1,283	\$3,072	139.4%	\$1,183	-61.5%
<b>Subtotal, Major IT Investments</b>		<b>\$3,197</b>	<b>\$1,283</b>	<b>\$6,072</b>	<b>373.3%</b>	<b>\$7,497</b>	<b>23.5%</b>
<b>Non-Major IT Investments</b>		<b>\$4,937</b>	<b>\$5,112</b>	<b>\$4,779</b>	<b>-6.5%</b>	<b>\$4,918</b>	<b>2.9%</b>
<b>Infrastructure Investments</b>		<b>\$20,100</b>	<b>\$26,483</b>	<b>\$29,347</b>	<b>10.8%</b>	<b>\$26,242</b>	<b>-10.6%</b>
<b>Enterprise Architecture</b>		<b>\$1,397</b>	<b>\$0</b>	<b>\$2,120</b>	<b>N/A</b>	<b>\$450</b>	<b>-78.8%</b>
<b>Total IT Investments</b>		<b>\$29,631</b>	<b>\$32,878</b>	<b>\$42,318</b>	<b>28.7%</b>	<b>\$39,107</b>	<b>-7.6%</b>

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

<sup>2/</sup> This column reflects appropriated resources provided to a project in FY 2006 and any previous years.

## 4B – Information Technology Strategy

The Office of the Chief Information Officer (OCIO) Telecommunications Management organization (OCIO-TM) provides direct and indirect support to the Secretary in the fight against terrorism by providing technology and communications required to ensure a stable domestic and international economy. In addition to supporting the Secretary, the OCIO-TM supports the IT infrastructure and operations of critical offices including the Office of the Secretary, the Assistant Secretary for Management, DO policy offices, and the Office of Terrorism and Financial Intelligence. OCIO-TM also provides the Office of Domestic Finance with support to facilitate timely decisions on yield curve and interest rates; provides the Office of Intelligence Analysis with the ability to communicate timely data between bureaus and other intelligence communities; shares finance-related data to protect the banking and financial industry against cyber-terrorism; and provides oversight to the District of Columbia's pension fund.

As part of the OCIO-TM strategy the CIO's office established a governance structure that ensures Treasury delivers quality, responsive services that securely meet our customers needs most economically. As discussed in Section 1B, the Department of the Treasury is taking steps to improve its IT management. The Department is now including all IT investments under the Department's *IT Capital Planning and Investment Control Policy* processes; has established a process to ensure that the Project and Program Managers are certified in accordance with OMB requirements; and is re-establishing the Executive Investment Review Board (E-Board).

**Modernize the DO IT Infrastructure:** Modernization of the DO IT infrastructure provides enhanced functionality, performance, and security to allow offices to achieve their missions more effectively. Specific projects will include enhanced disaster recovery capabilities, consolidation of remote access solutions, software and hardware upgrades, and overall optimization of the DO IT network. Realignment with the Infrastructure Line of Business is in the initial stages, and DO continues to integrate and consolidate network components where feasible and practical.

**Improve IT Governance and Project Management:** OCIO is committed to ensuring that information and IT resources are managed efficiently and effectively. In support of DO IT governance and project management, the OCIO Telecommunications Management team was successful in establishing a separate governance structure for the Departmental Offices to provide greater oversight and guidance to the non-enterprise major and non-major investments.

The Departmental Office's envisions a two year effort to consolidate services under the pending OCIO TNET wide area network service offering. The vision is as follows:

**FY08 Transition of Existing TCS Contract Services:** The risk-mitigating strategy of the Departmental Offices (OCIO, HQ IT) is to limit the FY 2008 focus to

transitioning the existing DO funded TCS services to the TNET offering. The TCS contract provisioned services for the DO includes:

- o 36 TCS circuits of various types
- o 3 Firewalls
- o 4 ATM connections
- o VPN services; and
- o Hosting services for a DO application.

**FY09 Business Case Assessment for Further Consolidation:** Outside the TCS contract, DO has an inventory of circuits and services obtained from a it's existing GSA and Treasury infrastructure contracts. In early FY 2009, HQ IT will conduct Business Case Assessment for the consolidation of these non-TCS circuits and network services to the Treasury TNET contract. Thereafter, based upon the funding and the business case approved recommendations, the DO will commence a two-year phased consolidation consistent with the business case recommendations.

DO investments met 99 percent of their performance goals in FY 2007. In its diligence to provide taxpayers with the most efficiency, OCIO-TM continues working with Enterprise Architecture (EA) staff and the Office of Performance Budgeting (OPB) to improve its metrics and methodologies to better track established milestones. For instance, DO delivered uninterrupted network availability 99.9 percent of the time in FY 2007 with a satisfaction rate of 3.61, slightly higher than the planned 3.5.

The secure systems Treasury Foreign Intelligence Network (TFIN) and the Treasury Secure Data Network (TSDN) work in conjunction with the intelligence community to provide faster, more timely data to an increased number of users with access to secret and top secret information in order to support the fight against terrorism. By the end of the FY 2007, all metrics were on target for both TSDN and TFIN with the number of TFIN users increasing to 115.

## 4.2 – PART Evaluation Table

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

**Year PARTed:** FY 2002

**Rating:** RND

### OMB Major Findings/Recommendations

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

### Bureau Actions Planned or Underway

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

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

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

#### 4C – Terrorism Risk Insurance (TRIA)

The Terrorism Risk Insurance Program Reauthorization Act of 2007 (P.L. 110-160) reauthorized and revised the program established by the Terrorism Risk Insurance Act (TRIA) of 2002 (P.L. 107-297). The Act extended the Terrorism Insurance Program for seven years, through December 31, 2014. The 2007 extension of TRIA added a requirement for commercial property and casualty insurance companies to make available coverage for losses from domestic as well as foreign acts of terrorism. The Act maintains for all seven years an insurer deductible of 20 percent of direct earned premiums and an insurer co-payment of 15 percent of insured losses above the insurer's deductible. In addition, the Act sets the event trigger amount for Federal payments at \$100 million in aggregate insured losses from an act of terrorism and the annual cap of \$100 billion on total insurer losses from acts of terrorism for which payment of the Federal share of compensation could be made. The 2007 extension changes recoupment provisions, requiring Treasury to collect 133 percent of the Federal payments made under the program up to \$27.5 billion, and accelerates time horizons for recoupment by certain dates up to September 30, 2017.

The Budget, for the first time, includes the estimated Federal cost of compensating providers of terrorism risk insurance, reflecting the 2007 TRIA extension. The growth in the private insurance market for this coverage provides data in the form of insurance premiums that show how private insurers estimate the likelihood of attack and price their projected losses. Using this market driven data, the Government can project annual outlays and recoupment under TRIA. These estimates represent the weighted average of TRIA payments over a full range of scenarios, most of which include no acts of terrorism (and therefore no TRIA payments), and some of which include acts of terrorism of varying magnitudes. The Budget projections, however, are in no way an official forecast of future attacks. On this basis, the Budget projects the 2007 TRIA extension will have a net deficit impact (spending less receipts from premium surcharges) of \$1.78 billion over the 2009-2013 period and \$3.85 billion over the 2009-2018 period.

#### 4.3 - TRIA Baseline Outlays and Receipt Table

Dollars in billions

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2009-2009-	
												2013	2018
<b>Changes in Direct Spending (Insurance Claim Outlays)</b>													
Projected Budget Authority	0.1	0.4	0.7	1	1.3	1.4	1.6	1.5	1.2	0.9	0.6	4.9	10.8
Projected Outlays	0.1	0.4	0.7	1	1.3	1.4	1.6	1.5	1.2	0.9	0.6	4.9	10.8
<b>Change in Revenues (Recoupment of Claim Outlays)</b>													
Projected Revenues	0	0.1	0.3	0.6	1.3	0.8	0.9	1	1	0.8	0.1	3.1	6.9
<b>Net Impact</b>													
Projected Net Outlays	0.1	0.3	0.4	0.5	-0.1	0.7	0.7	0.5	0.3	0.1	0.5	1.8	3.8