Message from the Secretary of the Treasury

Dear Member:

On behalf of President Biden, it is my pleasure to submit the Department of the Treasury's Fiscal Year (FY) 2022-2026 Strategic Plan and budget request for FY 2023. The new strategic plan underscores the Department's commitment to promoting an equitable recovery and reengaging our allies, positioning Treasury to play a critical role in addressing a collection of challenges in the 21st century. The FY 2023 President's Budget invests in the core foundations of our country's strength and advances key Treasury Department priorities, including promoting equitable economic growth and recovery, enhancing national security, protecting financial stability and resiliency, combating climate change, and modernizing Treasury operations. The FY 2023 budget request aligns resources to the Department's long-term goals and objectives, as described in Treasury's FY 2022-2026 Strategic Plan. The plan can be found on Treasury's website here.

Treasury's IRS request includes $14.1 billion to enhance the taxpayer experience including reducing the paper inventory backlog and improving telephone and in-person service; facilitating better oversight of high income and corporate tax returns; and accelerating the development of digital tools to enable smarter communication with taxpayers. In addition, the Administration continues to support multiyear investments in IRS enforcement to increase tax compliance and revenues that the President has previously proposed.

The budget provides $215 million for the Department to address cybersecurity risk through securing systems and establishing zero trust architecture. The budget continues the recent expansion of the role of Community Development Financial Institutions with the goal of empowering the nation's most vulnerable communities, including many rural communities. Additionally, the Treasury request supports new mission areas and growing workload in Departmental Offices, the Office of Terrorism and Financial Intelligence, and the Alcohol and Tobacco Tax and Trade Bureau.

The budget includes $210 million for the Financial Crimes Enforcement Network to continue work on a data system that tracks the ownership and control of certain companies and organizations and helps combat the use of complex corporate structures to shield illegal activity.

The FY 2023 Budget includes the information required for the Annual Performance Report. I have validated the accuracy, completeness, and reliability of the performance data in this report.

Sincerely,

Janet L. Yellen

Janet L. Yellen

FY 2023 EXECUTIVE SUMMARY

President's Budget Discretionary Appropriation Request

Dollars in Thousands

	FY 2021 Enacted (post IRS transfer)[2]	FY 2022 Annualized CR	FY 2022 Enacted	FY 2023 President's Budget	FY 2023 President's Budget (with IRS Technical Adjustments)[3]
Management & Financial	**$1,554,281**	**$1,554,281**	**$1,704,947**	**$2,056,804**	**$2,056,804**
Departmental Offices Salaries and Expenses	$233,000	$233,000	$243,109	$293,242	$293,242
Committee on Foreign Investment in the United States (CFIUS)	$20,000	$20,000	$20,000	$20,000	$20,000
CFIUS Fees	($20,000)	($20,000)	($20,000)	($20,000)	($20,000)
Subtotal CFIUS Fund (non add)	**$20,000**	**$20,000**	**$20,000**	**$20,000**	**$20,000**
Office of Terrorism and Financial Intelligence	$175,000	$175,000	$195,192	$212,059	$212,059
Cybersecurity Enhancement Account	$18,000	$18,000	$80,000	$215,000	$215,000
Department-wide Systems and Capital Investments Program	$6,118	$6,118	$6,118	$11,118	$11,118
Office of Inspector General	$41,044	$41,044	$42,275	$43,878	$43,878
Treasury Inspector General for Tax Administration	$170,250	$170,250	$174,250	$182,409	$182,409
Special Inspector General for TARP	$19,000	$19,000	$16,000	$9,000	$9,000
Special Inspector Pandemic Recovery	$0	$0	$8,000	$25,000	$25,000
Community Development Financial Institutions Fund	$270,000	$270,000	$295,000	$331,420	$331,420
Financial Crimes Enforcement Network	$126,963	$126,963	$161,000	$210,330	$210,330
Alcohol and Tobacco Tax and Trade Bureau	$124,337	$124,337	$128,067	$150,863	$150,863
Bureau of the Fiscal Service	$345,569	$345,569	$355,936	$372,485	$372,485
Digitization of Unredeemed Matured Savings Bonds Records	$25,000	$25,000	$0	$0	$0
Tax Administration[1]					
Internal Revenue Service Total	**$11,919,054**	**$11,919,054**	**$12,594,054**	**$14,100,667**	**$14,100,667**
Taxpayer Services	$2,587,606	$2,763,606	$2,780,606	$3,385,723	$3,684,593
Enforcement	$5,004,622	$5,004,622	$5,437,622	$5,861,649	$6,272,313
Operations Support	$4,104,102	$3,928,102	$4,100,826	$4,543,268	$3,833,734
Business Systems Modernization	$222,724	$222,724	$275,000	$310,027	$310,027
Subtotal, Treasury Appropriations excluding TEOAF	**$13,473,335**	**$13,473,335**	**$14,299,001**	**$16,157,471**	**$16,157,471**
Treasury Forfeiture Fund Total	**($75,000)**	**($75,000)**	**($175,000)**	**$0**	**$0**
Permanent Rescission	($75,000)	($75,000)	($175,000)	$0	$0
Subtotal, Treasury Appropriation including TEOAF	**$13,398,335**	**$13,398,335**	**$14,124,001**	**$16,157,471**	**$16,157,471**
Treasury International Programs	**$1,890,319**	**$1,942,319**	**$2,056,460**	**$4,374,515**	**$4,374,515**
Multilateral Development Banks	$1,481,244	$1,481,244	$1,527,172	$1,906,315	$1,906,315
Food Security	$32,500	$32,500	$48,000	$43,000	$43,000
IMF PRGT Grant	$0	$0	$102,000	$0	$0
IMF Resilience and Sustainability Trust Subsidy Cost	$0	$0	$0	$20,000	$20,000
Environmental Trust Funds	$139,575	$139,575	$274,288	$2,300,200	$2,300,200
Office of Technical Assistance	$33,000	$33,000	$38,000	$38,000	$38,000
Debt Restructuring	$297,000	$401,000	$134,000	$134,000	$134,000
Total, Treasury Appropriations excluding TEOAF	**$15,363,654**	**$15,415,654**	**$16,355,461**	**$20,531,986**	**$20,531,986**
Total, Treasury	**$15,288,654**	**$15,340,654**	**$16,180,461**	**$20,531,986**	**$20,531,986**

[1]FY 2021 Enacted (post IRS transfer) includes a transfer of $208 million from Enforcement to Taxpayer Services ($32 million) and Operations Support ($176 million).

[2]Excludes funding provided for COVID-19 Pandemic response.

[3]The 2023 Budget includes changes to IRS appropriation language that allow the IRS to move certain support activities from the Operations Support appropriation to charge the full cost of mission activities to the Taxpayer Services and Enforcement appropriations. In the 2023 budget, the IRS proposes to move Rent and CFO expenses. These proposed changes are reflected here.

[4]In FY 2021, Congress also appropriated $120 million to Treasury's debt restructuring account for clearing Sudan's arrears with the IMF on an emergency basis.

MISSION STATEMENT

Maintain a strong economy by promoting conditions that enable equitable and sustainable economic growth at home and abroad, combating threats to, and protecting the integrity of the financial system, and managing the U.S. Government's finances and resources effectively.

OVERVIEW OF REQUEST

The Budget requests $16.2 billion in base discretionary resources for the Department of the Treasury's domestic programs.

- **Improves Taxpayer Experience and Supports a Fair and Equitable Tax System.** Last year, the IRS delivered more than $600 billion in direct economic relief to American households and businesses through Economic Impact Payments, monthly advance child tax credit payments, and more. Yet the agency's funding and staffing levels have not kept pace with its expanding scope. To ensure that taxpayers receive the highest quality customer service and that all Americans are treated fairly by the U.S. tax system, the Budget provides a total of $14.1 billion for the Internal Revenue Service (IRS). This includes an increase of $798 million above FY 2021 to improve the taxpayer experience and expand customer service outreach to underserved communities and the taxpaying public at large. The Budget also provides $310 million for IRS Business Systems Modernization to accelerate the development of new digital tools to enable better communication between taxpayers and the IRS. Increased funding for the IRS will also facilitate more effective oversight of high income and corporate tax returns. In addition to these resources, the Administration continues to support multiyear investments in IRS tax enforcement to increase tax compliance and revenues that the President has previously proposed. This investment reflects decades of analysis demonstrating that program integrity investments to enforce existing tax laws will increase revenues in a progressive way by closing the tax gap—the difference between taxes owed and taxes paid.

- **Expands Lending in Disadvantaged Communities and Increases Affordable Housing Supply.** The Budget provides $331 million for the Treasury Community Development Financial Institutions (CDFI) Fund. To address the critical shortage of affordable housing in communities, the Budget also proposes $5 billion in long-term mandatory funding for CDFI financing of new construction and substantial rehabilitation that creates net new units of affordable rental and for sale housing. CDFIs provide historically underserved and often low-income communities access to credit, capital, and financial support to grow businesses, increase affordable housing, and reinforce healthy neighborhood development.

- **Increases Corporate Transparency and Safeguards the Financial System.** Treasury plays a leading role in monitoring and disrupting corruption, money laundering, terrorist financing, and the use of the financial system by malicious actors domestically and abroad. Investment in Treasury staff and technical capabilities is critical to these efforts, including closing financial reporting loopholes that allow illicit actors to evade scrutiny, mask their dealings, and undermine corporate accountability. The Budget provides $210 million for the Financial Crimes Enforcement Network (FinCEN) to increase oversight of the financial sector, strengthen corporate accountability, and provide adequate support to law enforcement and investigative entities. In addition, the Budget provides $212 million to the Office of Terrorism and Financial Intelligence (TFI) to modernize and update the sanctions process consistent with the findings of the Treasury 2021 Sanctions Review.

- **Strengthens Enterprise Cybersecurity.** The Budget provides $215 million to protect and defend sensitive agency systems and information, including those designated as high-value assets. The Budget increases centralized funding to strengthen Treasury's overall cybersecurity efforts and establish a Zero Trust Architecture. These investments will protect Treasury systems from future attacks and accelerate Treasury's response to the SolarWinds incident and Log4j vulnerabilities.

- **Restores Critical Agency Capacity.** The Budget provides $293 million for Treasury's Departmental Offices to rebuild institutional capacity and strengthen the role of Treasury policy offices Additional funding for Treasury's Climate Hub will support a sustainable economic recovery and advance climate goals both domestically and internationally, including domestic coal transition and engagement with international financial institutions. Increased staffing will also support assessments of climate-related financial risk arising from private insurance coverage gaps in regions of the country particularly vulnerable to climate change impacts. The Budget also builds institutional capacity to expand engagement with historically underrepresented and underserved groups and develop actionable goals to advance equity across all Treasury programs.

Fiscal Year Comparison of Full-Time Equivalent (FTE) Staffing (Direct and Reimbursable)

	2021 Actual			2022 Annualized CR			2023 President's Budget		
Appropriation	**Direct**	**Reimb.**	**Total**	**Direct**	**Reimb.**	**Total**	**Direct**	**Reimb.**	**Total**
Departmental Offices Salaries and Expenses	672	40	**712**	740	41	**781**	869	41	**910**
Terrorism and Financial Intelligence	524	35	**559**	561	41	**602**	624	41	**665**
Cybersecurity Enhancement	4		**4**	10		**10**	21		**21**
Office of Inspector General	189		**189**	190		**190**	190		**190**
Treasury Inspector General for Tax Administration	739	2	**741**	760	2	**762**	760	2	**762**
Special Inspector General for TARP	70		**70**	68		**68**	45		**45**
Special Inspector General for Pandemic Recovery	35		**35**	38		**38**	66		**66**
Community Development Financial Institutions Fund	67		**67**	82		**82**	89		**89**
Financial Crimes Enforcement Network	269	2	**271**	285	3	**288**	420	3	**423**
Alcohol and Tobacco Tax and Trade Bureau	487	14	**501**	508	12	**520**	548	12	**560**
Bureau of the Fiscal Service	1,922	15	**1,937**	1,866	9	**1,875**	1,896	9	**1,905**
Internal Revenue Service[1]	78,661	694	**79,355**	80,327	585	**80,912**	84,839	614	**85,453**
Subtotal, Treasury Appropriated Level	**83,639**	**802**	**84,441**	**85,435**	**693**	**86,128**	**90,367**	**722**	**91,089**
Office of Financial Stability (Administrative Account)	10		**10**	10		**10**	8		**8**
Small Business Lending Fund Program	2		**2**	2		**2**	2		**2**
Office of Recovery Programs[2]	42		**42**	193		**193**	178		**178**
Community Development Financial Institutions Fund, Emergency Support	3		**3**	12		**12**	12		**12**
Capital Magnet Fund	4		**4**	6		**6**	9		**9**
Office of Financial Research	111		**111**	143		**143**	163		**163**
Financial Stability Oversight Council	14		**14**	23		**23**	27		**27**
Treasury Franchise Fund		2,036	**2,036**		2,212	**2,212**		2,210	**2,210**
Bureau of Engraving and Printing		1,821	**1,821**		1,869	**1,869**		1,869	**1,869**
United States Mint		1,566	**1,566**		1,705	**1,705**		1,705	**1,705**
Office of the Comptroller of the Currency		3,491	**3,491**		3,555	**3,555**		3,555	**3,555**
Terrorism Insurance Program	7		**7**	8		**8**	10		**10**
IRS Private Collection Agent Program	334		**334**	460		**460**	821		**821**
Subtotal, Treasury Non-Appropriated Level	**527**	**8,914**	**9,441**	**857**	**9,341**	**10,198**	**1,230**	**9,339**	**10,569**
Total, Treasury	**84,166**	**9,716**	**93,882**	**86,292**	**10,034**	**96,326**	**91,597**	**10,061**	**101,658**

1/ Amounts for the IRS include FTE funded from user fees, carryover, multi -year authority, and ARP supplemental funding.

2/ Amounts include FTE related to Transportation Services, Payroll Support Program, Air Carrier Worker Support & Pandemic Relief for Aviation Workers, Economic Stabilization Program, Coronavirus Relief Fund, Homeowner Assistance Fund, Emergency Rental Assistance, State Small Business Credit Initiative (SSBCI) and Emergency Capital Investment Program.

Summary of FY 2023 Increases and Decreases

(Dollars in Thousands)

	DO	CFIUS[2]	TFI	Cyber	DSCIP	OIG	TIGTA	SIGTARP	SIGPR[3]	CDFI	FinCEN	TTB	FS	IRS	Total
FY 2022 Annualized CR[1]	**$233,000**	**$0**	**$175,000**	**$18,000**	**$6,118**	**$41,044**	**$170,250**	**$19,000**	**$0**	**$270,000**	**$126,963**	**$124,337**	**$370,569**	**$11,919,054**	**$13,473,335**
SIGPR Operating Level									$13,000						$13,000
Maintaining Current Levels (MCLs)	$9,728	$0	$6,567	$0	$0	$1,516	$6,619	$537	$445	$0	$5,401	$4,604	$12,276	$436,363	$484,056
Pay Annualization	$1,179		$746			$211	$975	$62	$58		$462	$572	$1,593	$62,546	$68,404
Pay Raise	$6,108		$4,142			$1,083	$5,018	$319	$299		$2,377	$2,942	$8,197	$321,837	$352,322
FERS Contribution Increase															$0
Labor Adjustment															$0
Non-Pay	$2,441		$1,679			$222	$626	$156	$88		$2,562	$1,090	$2,486	$51,980	$63,330
Non-Recurring Costs	(3,868)			($18,000)	($6,118)								($25,000)		($52,986)
Efficiency Savings/Reinvestment															$0
Other Adjustment/Initiative Annualization	$17,365		$10,192			1,321	5,540		$7,000		$28,887	$4,493	$6,940	438,882	$520,620
Adjustments to Base	**$23,225**	**$0**	**$16,759**	**($18,000)**	**($6,118)**	**$2,837**	**$12,159**	**$537**	**$7,445**	**$0**	**$34,288**	**$9,097**	**($5,784)**	**$875,245**	**$951,690**
FY 2023 Base	**$256,225**	**$0**	**$191,759**	**$0**	**$0**	**$43,881**	**$182,409**	**$19,537**	**$20,445**	**$270,000**	**$161,251**	**$133,434**	**$364,785**	**$12,794,299**	**$14,438,025**
Program Decreases								($10,537)							($10,537)
CFIUS Fund Appropriation		$20,000													$20,000
CFIUS User Fees		($20,000)													($20,000)
Program Increases/Reinvestments	$37,017		$20,300	$215,000	$11,118				4,555	61,420	$49,079	$17,429	$7,700	$1,306,368	$1,729,986
Subtotal, Program Changes	**$37,017**	**$0**	**$20,300**	**$215,000**	**$11,118**	**$0**	**$0**	**($10,537)**	**$4,555**	**$61,420**	**$49,079**	**$17,429**	**$7,700**	**$1,306,368**	**$1,719,449**
FY 2023 President's Budget funded from discretionary	**$293,242**	**$0**	**$212,059**	**$215,000**	**$11,118**	**$43,881**	**$182,409**	**$9,000**	**$25,000**	**$331,420**	**$210,330**	**$150,863**	**$372,485**	**$14,100,667**	**$16,157,474**

1/ Excludes funding provided for COVID-19 Pandemic response.

2/ CFIUS Fund enacted levels are net appropriations including user fees.

3/ In FY 2022 SIGPR did not receive funds under an annualized CR. The funds represented are the bureau's operating level.

FY 2023 President's Budget by Strategic Goal

Dollars in Thousands

Treasury Goal/Objective	Promote Equitable Economic Growth and Recovery	Enhance National Security	Protect Financial Stability and Resiliency	Combat Climate Change	Modernize Treasury Operations	Other Critical Priorities[1]	Total
Management & Financial	$701,234	$671,936	$173,361	$98,935	$370,795	$40,543	$2,056,804
Departmental Offices Salaries and Expenses	$104,824	$51,240	$41,688	$36,986	$58,504		$293,242
Committee on Foreign Investment in the United States Fund		$20,000					$20,000
CFIUS Fees		($20,000)					($20,000)
Office of Terrorism and Financial Intelligence		$175,293	$23,536	$4,329	$8,901		$212,059
Cybersecurity Enhancement Account		$215,000					$215,000
Department-wide Systems and Capital Investments Program				$7,141	$3,977		$11,118
Office of Inspector General[2]		$1,711		$439	$1,185	$40,543	$43,878
Treasury Inspector General for Tax Administration	$138,631	$9,120		$1,824	$32,834		$182,409
Special Inspector General for TARP	$2,250	$1,800	$4,500		$450		$9,000
Special Inspector General for Pandemic Recovery	$23,750			$500	$750		$25,000
Community Development Financial Institutions Fund	$296,289				$35,131		$331,420
Financial Crimes Enforcement Network		$161,954	$10,517	$21,033	$16,826		$210,330
Alcohol and Tobacco Tax and Trade Bureau	$131,764	$3,669		$608	$14,821		$150,863
Bureau of the Fiscal Service	$3,725	$52,148	$93,121	$26,074	$197,417		$372,485
Tax Administration[3]	$13,794,596	$56,732			$249,339		$14,100,667
IRS Taxpayer Services	$3,347,689				$38,034		$3,385,723
IRS Enforcement	$5,761,666	$45,652			$54,331		$5,861,649
IRS Operations Support	$4,375,214	$11,080			$156,974		$4,543,268
Business Systems Modernization	$310,027						$310,027
Total, Treasury	**$14,495,830**	**$728,668**	**$173,361**	**$98,935**	**$620,134**	**$40,543**	**$16,157,471**
Non-Appropriated Accounts							
Office of Financial Stability (Administrative Account)	$33,612						$33,612
Terrorism Risk Insurance (Administrative)	$851	$2,268	$1,985		$567		$5,670
Financial Stability Oversight Council			$10,568	$1,865			$12,433
Office of Financial Research		$1,762	$59,916		$26,434		$88,112
Bureau of Engraving and Printing			$1,878,069	$8,148	$150,734		$2,036,951
United States Mint[4]		$16,114	$402,859	$69,829	$48,343	$2,860,000	$3,397,145
Office of the Comptroller of the Currency		$122,516	$943,370	$61,258	$98,012		$1,225,156
Federal Reserve Bank		$54,800	$356,200	$34,250	$239,750		$685,000
Reimbursable to the Federal Reserve Banks		$15,040	$97,760	$9,400	$65,800		$188,000
Financial Agent Services		$80,960	$546,480	$50,600	$333,960		$1,012,000
Total, Non-Appropriated Level	**$34,463**	**$293,460**	**$4,297,206**	**$235,349**	**$963,601**	**$2,860,000**	**$8,684,079**
Grand Total	**$14,530,292**	**$1,022,128**	**$4,470,568**	**$334,284**	**$1,583,734**	**$2,900,543**	**$24,841,550**

[1] Other critical priorities include activities that are operationally focused and as such are not currently covered by specific strategies in the FY 2022-2026 Strategic Plan.

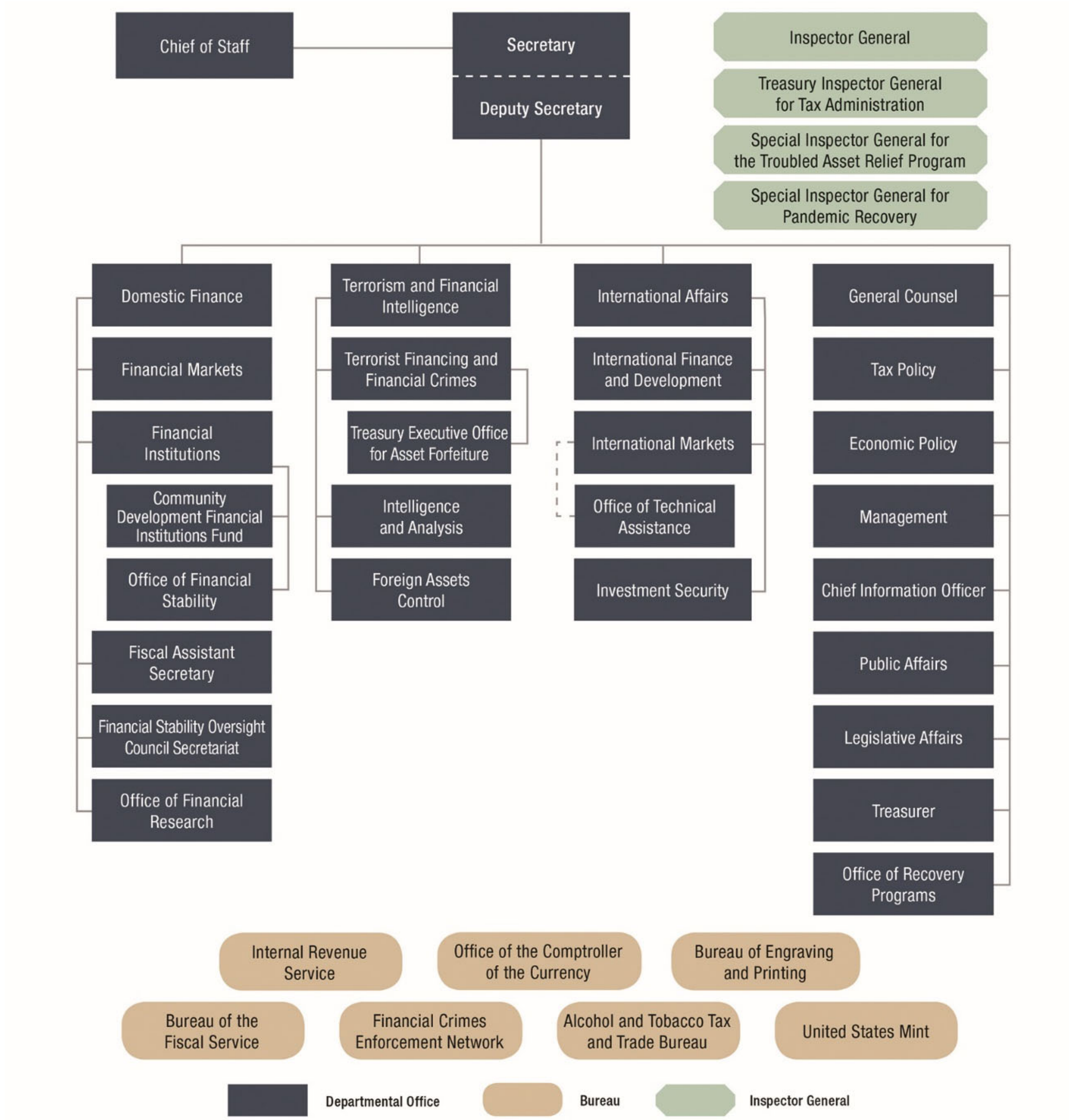
[2] The amounts in Other Critical Priorities for the Office of Inspector General are related to promoting the integrity, efficiency, and effectiveness in programs and operations within the Treasury Department and across OIG jurisdictional boundaries.

[3] This table does not include the proposed technical adjustment that would move certain support activities from Operation Support and charge the full cost of certain mission activities to the Taxpayer Services and Enforcement appropriations. The adjustment would reduce the Operation Support appropriation by $709.5 million for rent and CFO adjustments and increase the Taxpayer Services appropriation by $298.9 million and the Enforcement appropriation by $410.7 million.

[4] The amounts in Other Critical Priorities for the United States Mint represent the cost of metal.

ORGANIZATION

Treasury is organized into the Departmental Offices, seven bureaus, and four offices of Inspector General. The Departmental Offices are primarily responsible for headquarters operations and policy formulation, while the bureaus are the operating units of the organization.



Departmental Offices

Domestic Finance works to preserve confidence in the U.S. Treasury securities market, strengthen financial institutions and markets, and promote access to credit, in service to long-term economic strength and stability.

Terrorism and Financial Intelligence (TFI) uses unique policy, intelligence, enforcement, and regulatory tools and authorities to disrupt and disable terrorists, criminals, and other national security threats while also safeguarding the financial system against abuse by illicit actors.

International Affairs protects economic prosperity and national security by working to foster a most favorable external environment for sustained jobs and economic growth.

Tax Policy develops and implements tax policies and programs, reviews regulations and rulings to administer the Internal Revenue Code, provides revenue estimates for proposals, and receipt estimates for the President's Budget.

Economic Policy reports on economic developments and assists in the determination of appropriate economic policies. It also reviews and analyzes domestic economic issues and financial market developments.

The **Treasurer of the United States** serves as a principal advisor to the Secretary, including sometimes advising the Secretary on coinage matters and liaising with the Federal Reserve.

The **Office of Management and Chief Financial Officer** manages the Department's financial resources and oversees Treasury-wide programs, including human capital, organizational performance, enterprise risk management, information technology, acquisition, diversity issues, and data.

The **Office of Recovery Programs** is principally focused on efficiently establishing and administering Treasury's programs to support an equitable and swift recovery from the economic challenges precipitated by the COVID-19 pandemic.

Other offices within Departmental Offices include **General Counsel**, **Legislative Affairs**, and **Public Affairs**.

Inspectors General

Four Inspectors General—the **Office of Inspector General (OIG)**, the **Treasury Inspector General for Tax Administration (TIGTA)**, the **Special Inspector General for the Troubled Asset Relief Program (SIGTARP)**, and the **Special Inspector General for Pandemic Recovery**—provide independent audits, investigations, and oversight of Treasury and our programs.

Bureaus

The **Alcohol and Tobacco Tax and Trade Bureau (TTB)** collects federal excise taxes on alcohol, tobacco, firearms, and ammunition, while enforcing and administering laws covering the production, use, and distribution of alcohol and tobacco products.

The **Bureau of Engraving and Printing (BEP)** develops and produces U.S. currency notes, as well as secure documents for government use.

The **Financial Crimes Enforcement Network (FinCEN)** safeguards the financial system from illicit use, combats money laundering and its related crimes—including terrorism—and promotes national security through the strategic use of financial authorities and the collection, analysis, and dissemination of financial intelligence.

The **Bureau of the Fiscal Service (Fiscal Service)** promotes financial integrity and operational efficiency by operating the U.S. government's collections and deposit systems and providing central payment services to the American public on behalf of federal agencies. It also manages the collection of delinquent debt, borrows funds needed to operate the U.S. government through the sale of marketable and special-purpose U.S. Treasury securities, and accounts for the resulting debt. Additionally, it delivers administrative shared services to federal agencies and conducts government-wide accounting and reporting.

The **Internal Revenue Service (IRS)** determines, assesses, and collects U.S. tax revenue and helps taxpayers understand their tax responsibilities, while aiming to prevent tax-related fraud.

The **United States Mint (U.S. Mint)** designs, mints, and issues U.S. circulating coins, as well as numismatic and bullion coins; in addition to striking Congressional gold medals and other medals of national significance. It maintains physical custody and protection of most of the nation's gold and silver assets.

The **Office of the Comptroller of the Currency (OCC)** charters, regulates, and supervises national banks and federal savings associations, as well as federal branches and agencies of foreign banks, to ensure that they operate in a safe and sound manner, provide fair access to financial services, treat customers fairly, and comply with applicable laws and regulations.

Treasury Strategic Management

Framework

The Government Performance and Results Act (GPRA) and the *GPRA Modernization Act of 2010* require agencies to identify goals, report progress against targets, and conduct data-driven reviews. These practices allow stakeholders within and outside the organization to assess the organization's health and impact, while promoting effective decision-making, and improved strategy execution and resource allocations. In this spirit, we developed a strategic framework using best-in-class organizational performance practices to help achieve our strategic goals and objectives.

Organizational Performance Review Cycle

Our organizational performance reviews provide a regular forum for open dialogue and coordination between the bureaus and the Departmental Offices' management and leadership. We bring together different perspectives to set and align priorities, identify and solve problems, review agency performance, and drive results. The performance review cycle integrates statutory requirements to conduct quarterly reviews of agency results toward goals, with an annual exercise to validate our supporting objectives, executed through our Strategic Objective Annual Review (SOAR) process.

We also integrate portfolio reviews of programs within our performance review cycle activities, as required by the *Program Management Improvement Accountability Act* (PMIAA). The SOAR process includes analyzing cross-cutting performance and identifying a set of strategic objectives as priority focus areas. In 2019, the *Foundation for Evidence-Based Policymaking Act* was signed into law to further advance the U.S. government's evidence-building functions. In this fiscal year, we approached the implementation of the evidence-building requirements by leveraging our strategic management framework, including the SOAR, to initiate an agency learning agenda.

At designated points throughout the fiscal year, we set annual priorities, evaluate progress against goals and objectives, discuss new strategies to improve program outcomes, and align our available funding to maximize results for the agency. Treasury also identifies Agency Priority Goals (APGs), which are priorities that the Department wants to accomplish within two years. The Department publicly reports APG progress quarterly on Performance.gov and tracks progress during quarterly reviews. We describe our process and framework for managing to our strategic objectives and performance outcomes in the Treasury Annual Organizational Performance Review Cycle Table on the following page.

TREASURY ANNUAL ORGANIZATIONAL PERFORMANCE REVIEW CYCLE

Session	Fall (October – November)	Winter (February – March)	Spring (April – May)	Summer (June – July)
Focus	**Bureau Performance & Priorities**	**Strategic Objective Annual Review (SOAR)**	**Cross-cutting Risks/Challenges; Critical Programs**	**Budget**
Chair	Assistant Secretary for Management/Performance Improvement Officer (ASM/PIO); Strategic Goal Leads	Strategic Goal Leads	ASM/PIO	ASM/PIO and Budget Officer, Strategic Goal Leads
Goals/Outcomes	• Review prior year's performance at the bureau/office level • Recognize successes • Set priorities for year ahead • Identify shortfalls/risks; accountability; assess organizational health	• Evaluate progress towards strategic goals and objectives (incl. progress of critical programs and projects) • Identify/validate Treasury priorities or strategic shifts • Outline potential topics for OMB annual review	• Issue-based sessions: deep dove on cross-cutting issues identified in the SOAR, identify near-term improvement strategies • Program-based sessions: check in on critical programs/projects identified in the SOAR that need Treasury leadership attention.	• Align funding to priorities, performance impacts, and risk mitigation • Strengthen IT acquisition, budgeting, and accountability • Identify efficiencies and redundancies in request • Check in on health and update list of critical programs/projects based on budget requests

FY 2022–2023 APG: Improving the Payment Experience

Create a modern, seamless, inclusive, and secure Federal payment experience for the public that meets customer needs while reducing costs, expanding financial inclusion, and improving climate sustainability of Treasury's operations. By September 30,2023, Treasury will:

- Increase the electronic payment rate for Treasury-disbursed payments to 96.56% by the end of FY 2023, compared with 96.18% in FY 2021; and
    - Achieving this increased electronic payment rate would lead to an estimated reduction of 4.8 million checks.
- Increase the electronic payment rate for IRS individual tax refunds to 81.00% by the end of FY 2023, compared with 80.34% in FY 2021.

FY 2022–2023 APG: Increasing Treasury's Sustainability

Model best practices in sustainable operations, supporting the Department's key role in the whole-of-government effort to manage climate-related risks and enable the transition to a net-zero economy. By September 30, 2023, the Department of the Treasury will:

- Transition Treasury's Fleet to Electric Vehicles (EV): Convert 37% of the vehicles to EVs for those vehicles with lease terms needing renewal; and
- Implement a Climate Literacy Program: Deliver educational products to 100% of Treasury's target audience of executives and key staff who are needed to support and sustain Treasury's climate change and sustainability priority initiatives (e.g., facility and fleet operations, budget and finance, legal counsel, and procurement).

FY 2022–2023 APG: Promote Transparency in the Financial System

Establish a robust regulatory framework to ensure timely information on the highest priority threats to combat the misuse of companies by criminals. By September 30, 2023, the Department of the Treasury will strengthen and adapt the Anti-Money Laundering (AML) and Combating Financing of Terrorism (CFT) framework by publishing and updating regulatory requirements and creating a solution that will securely collect, store, and manage beneficial ownership information for use by law enforcement and other authorized partners.

FY 2022 -2026 Treasury's Strategic Plan

Department of the Treasury > Strategic Plan 2022–2026

Strategic Plan Crosswalk

Goal	Objective	Treasury leads	Treasury supports	Re-engaging Allies	Climate Change	Equity	Customer Experience
Goal 1 Promote Equitable Economic Growth and Recovery	**Tax Administration and Policy** Enhance tax compliance and service; improve tax policy design.	IRS, TP	TTB, EP	◎	◎	◎	◎
	Global Economic Leadership Generate sustainable and inclusive global economic growth.	IA	EP, TP, TTB	◎	◎	◎	
	Economically Resilient Communities Promote equitable financial recovery and growth through support and flow of capital to small businesses, households, and underserved communities.	DF, ORP	TTB, OSDBU, ASM, Fiscal, EP		◎	◎	◎
	Resilient Housing Market Together with HUD and other federal agencies, promote a stable and resilient housing market that expands fair and equitable access to homeownership and affordable rental opportunities and protects taxpayers.	DF	EP, TP, ORP			◎	◎
Goal 2 Enhance National Security	**Cyber Resiliency of Financial Systems and Institutions** Harden assets and systems of Treasury and the broader financial system to promote financial system resiliency.	ASM, DF	All Bureaus/ Offices	◎			◎
	Economic Measures to Advance National Security Enhance and protect national security through the application of targeted financial measures and review of certain foreign investments.	TFI, IA	FinCEN	◎			◎
	Modernize Sanctions Regime Modernize the development, implementation, enforcement, and maintenance of U.S. sanctions to ensure that sanctions remain a streamlined and effective foreign policy and national security tool.	TFI	IA	◎			◎
	Transparency in the Financial System Increase transparency in the domestic and international financial system.	TFI/ FinCEN	IA, IRS	◎	◎		◎
Goal 3 Protect Financial Stability and Resiliency	**Financial System Vulnerabilities** Identify and address current and emerging vulnerabilities to the stability of the U.S. and global financial systems to support more sustainable and equitable growth.	DF	IA, EP, OCC	◎	◎	◎	
	Resilient Treasury and Municipal Securities Markets Improve the resilience of critical government securities markets to minimize borrowing costs over time and to support the critical roles that these safe assets play in the global financial system.	DF	EP		◎	◎	◎
	Financial Innovation Encourage responsible financial sector innovation.	DF	IA, TFI, FinCEN, Fiscal, Mint, BEP, IRS, TP, OCC	◎	◎	◎	◎
Goal 4 Combat Climate Change	**Global Climate Commitment and Leadership** Use U.S leadership and commitment to significantly enhance global action and mobilize and align financial flows to combat climate change and enhance resilience within the new climate environment.	IA	EP, DF, TP	◎	◎	◎	
	Climate Incentives and Investment Create and promote incentives and policies for the private sector to invest in climate-friendly and resilient projects and activities.	EP	DF, TP, IA, OCC	◎	◎	◎	
	Climate-Related Financial Risks Identify and mitigate key sources of climate-related financial risks to macroeconomy, financial system, investors, governments including federal and subnational exposures, and households, understanding that risks may have disparate impacts on disadvantaged communities.	DF	EP, ASM, TP, IA, OCC	◎	◎	◎	
	Sustainable Treasury Operations Improve Treasury's overall environmental and energy sustainability and invest in Treasury Bureaus' adaptation and resiliency efforts to address climate change impacts on operations and services.	ASM	All Bureaus/ Offices		◎	◎	◎
Goal 5 Modernize Treasury Operations	**Recruit and Retain a Diverse and Inclusive Workforce** Recruit and retain a diverse workforce that represents communities that Treasury serves.	ASM	All Bureaus/ Offices			◎	◎
	Future Work Routines Transform the Department's work routines to support changing mission and workforce needs.	ASM	All Bureaus/ Offices		◎	◎	◎
	Better Use of Data Increase timely access to and use of quality data and other types of evidence to inform decision-making.	ASM	All Bureaus/ Offices		◎	◎	◎
	Customer Experience Practices Mature and embed strong customer experience practices across the Department, establishing Treasury's reputation for consistently positive experiences.	ASM	All Bureaus/ Offices			◎	◎

Performance Overview

We carry great responsibility for fostering prosperity and security for the American people, play a critical role in U.S. and global economies, and continue to make progress in our mission to meet the needs of the nation. The *FY 2022 – 2026 Treasury Strategic Plan* will chart a course to guide our responsibilities to taxpayers. The following performance overview reflects the accomplishments and challenges in achieving the goals of equitable economic growth and recovery, national security, financial stability and resiliency, combating climate change, and modernizing Treasury operations in service to our country.

Equitable Economic Growth and Recovery

The COVID-19 pandemic has exacerbated the pre-existing inequities in America's economic system and created a slowdown in global trade. We must address systemic issues in the economic system and strengthen resiliency for all Americans while taking the lead, internationally, to partner with foreign countries to advance ambitious policies for an equitable global recovery and sustainable growth.

As part of our implementation of the *American Rescue Plan Act of 2021* (ARP), we supported the expansion of the Child Tax Credit, which will substantially reduce child poverty by supplementing the earnings of families receiving the tax credit.

Finally, in FY 2021, we submitted a 200-day Progress Report on Treasury's Equity Assessment per Executive Order 13985*, Advancing Racial Equity and Support for Underserved Communities*, which assessed our ability to develop policies and programs that deliver resources and benefits equitably to all.

Office of Recovery Programs Stand-Up/American Rescue Plan Implementation

The current public health crisis and resulting economic crisis have devastated the health and economic well-being of millions of Americans. From big cities to small towns, Americans—particularly people of color, immigrants, and low-wage workers—are facing a deep economic crisis. The ARP, one of the most progressive pieces of legislation in history, is delivering immediate and direct relief to families and workers impacted by the COVID-19 crisis and is building a bridge to an equitable economic recovery.

Source: Adobe Stock

Office of Recovery Programs Established

In FY 2021, we established the Office of Recovery Programs to lead our implementation of economic relief and recovery programs, including nearly $420 billion in programs from the *American Rescue Plan Act of 2021* (ARP). The Office of Recovery Programs also oversees programs authorized through the *Coronavirus Aid, Relief, and Economic Security Act* (CARES Act), and the *Consolidated Appropriations Act, 2021* (CAA).

The Office of Recovery Programs, led by the Chief Recovery Officer, reports to Treasury's Deputy Secretary, and is principally focused on efficiently establishing and administering our programs to support an equitable and swift recovery from the economic challenges precipitated by the COVID-19 pandemic. In FY 2021, the Office of Recovery Programs focused on implementing an effective, cohesive model for recovery programs to help get relief distributed quickly and into the hands of those who need it the most, while ensuring public trust.

Treasury is responsible for managing over $1 trillion in ARP programs and tax credits and have already distributed approximately $700 billion. For example, Treasury has sent over $240 billion in fiscal support to state, territorial, local, and Tribal governments that is being used to fight the pandemic and accelerate local economic recovery. Over 99 percent of currently available State and Local Fiscal Recovery Funds are in the hands of governments across the country, which are using these resources not only to meet immediate pandemic response needs but to make long-term investments in the recovery, equity, and prosperity of their local communities.

Equity Assessment

The COVID-19 pandemic has exposed long-standing disparities in our laws, public policies, and institutions, which disproportionately affect people of color and members of underserved communities. As we implement the ARP, we are working to ensure the economic recovery includes those who have been historically underserved and affected by persistent poverty long before the pandemic. We view this equity assessment as an opportunity to identify and remove any barriers that would prevent any member of the American public from having equal access to our programs and services and procurement and contracting opportunities, as well as the nation's financial systems.

We completed the following activities per Executive Order 13985*, Advancing Racial Equity and Support for Underserved Communities Through the Federal Government*:

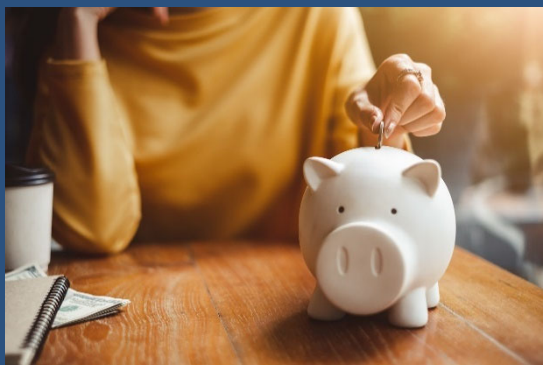
- Issued a joint video with the Secretary and Deputy Secretary to announce the kickoff of the Equity Assessment Process and its intended goals.
- Provided recommendations on FY 2023 funding levels for program offices responsible for advancing diversity, equity, inclusion, and accessibility as part of the internal Departmental budget process.
- Met with members of the Department of Labor Equity Review Team to learn more about each agency's equity assessment effort.
- Published a blog post to mark the six-month anniversary of the ARP and highlight the central role of equity in programmatic implementation.
- Appointed a Counselor to the Secretary for Racial Equity.
- Announced the creation of a racial equity advisory committee to more regularly solicit opinions and guidance from external racial equity subject matter experts in our ongoing efforts to advance equity.
- Completed the required 60-Day, 90-Day, and 200-Day Progress Reports.

Our Equity Assessment Team worked with the IRS, Office of Tax Policy, Fiscal Service and ORP to develop ambitious, yet manageable, proposals for the equity assessment process. We also worked to identify actionable opportunities to: (1) identify and remove any barriers that members of underserved communities may have to our contracting and procurement opportunities; and (2) improve access to data collection, use, and sharing, including data disaggregation, which improves the ability to deliver services more equitably, and better understand how our programmatic and policy decisions impact underserved communities.

Enhance Child Tax Credit

Since President Biden signed the ARP in March 2021, the White House has led a cross-agency effort to ensure the expanded Child Tax Credit reaches the families who need it most. The ARP's expansion of the Child Tax Credit will substantially reduce child poverty by supplementing the earnings of families receiving the tax credit.

Within months, the IRS launched a Non-filer Sign-up Tool and published step-by-step guides in multiple languages. Since then, the White House, Treasury, and the IRS have worked in collaboration with advocacy groups and public figures to direct consumers to the tool. The IRS's efforts also included public awareness programs, including free tax preparation days in more than 30 cities where data showed large pockets of children in households that do not normally file a tax return.



Source: Adobe Stock

Expanded Child Tax Credit

Experts have projected the ARP has the potential to lift more than five million children out of poverty in 2021, cutting child poverty by more than half. The expanded Child Tax Credit is the largest single contributor to this historic reduction. Prior to the expansion by the ARP, lower-income families often received a smaller Child Tax Credit than families with higher earnings because the tax credit was only partially refundable.

The ARP's advance payment of the expanded Child Tax Credit (AdvCTC) presented unique challenges across the IRS, including resource competition with the information technology experts needed to deliver the third round of Economic Impact Payments in parallel with planning and implementing the AdvCTC. Implementing the new legislation also challenged the IRS to develop systems, processes, and procedures quickly. This included developing and deploying new web tools, implementing system programming changes, educating IRS employees on new processes and procedures, creating new taxpayer letters and notices, and communicating extensively to taxpayers to ensure they had necessary information.

The IRS successfully met these challenges in just over four months following enactment of the ARP. Beginning in July 2021, eligible families received an advance payment of up to $300 per month for each child under age 6 and up to $250 per month for each child ages 6 to 17. As of December 15, 2021, Treasury and the IRS have delivered almost $93 billion to families.

National Security

An expanding array of transnational threats, continued instability in weak states, and the malicious use of critical and emerging technologies by adversaries, present security concerns for the U.S. that may impact the integrity of the U.S. financial system, which is foundational to our national security. As foreign and domestic actors threaten American economic and national security, we must apply our tools and strengthen bi-lateral and multi-lateral partnerships to defeat these threats and take a leading role in protecting the U.S. and international financial systems from abuse. In FY 2021, we leveraged our tools and authorities to combat malicious actors, strengthened the Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT) regime, advanced reform efforts, ensured foreign investments in the U.S. did not give rise to unresolved national security risks, and enhanced collaboration with allies and partners on investment screening best practices.

Sanctions Review

Sanctions are a key tool for the U.S. government to address critical national security and foreign policy threats. For this tool to be effective and fit to purpose for years to come, the authorities and processes we use to deploy sanctions should be continuously reviewed and updated to address emerging challenges. Further, we must effectively leverage our sanctions workforce across the Department, addressing recruitment and retention of high-skilled talent to meet the data and analytical needs required to support the growing array of work in the sanctions arena. If we do not commit to using the most updated analytic and collaborative technologies, we may not be able to stay abreast of, or effectively respond to, increasing stakeholder demands. This includes the ability to analyze complex financial and *Bank Secrecy Act* (BSA) data to identify emerging threats, identify new trends, and support national security events.

To overcome these challenges, we completed a comprehensive sanctions review and provided recommendations designed to promote a warranted, strategic, and judicious use of sanctions. Our review found that while sanctions remain an essential and effective policy tool, they also face new challenges, including rising risks from new payments systems, the growing use of digital assets, and cybercriminals, as well as situations where careful calibration can help limit the impact of sanctions on the flow of legitimate humanitarian aid to those in need.

We will also modernize and strengthen internal Treasury, U.S. government, and international coordination and engagement on sanctions to enhance effectiveness.

Targeted Financial Measures

Since the beginning of FY 2020 and continuing through FY 2021, we have established four new and six modified sanctions programs. This included the use of tools and authorities to deter Iran’s nuclear and ballistic missile program, hindering Iran’s support of global terrorism, and offsetting efforts to destabilize the Middle East, Burma, Hong Kong, Venezuela, and others.

On Iran, we targeted terrorist financing and money laundering activity and imposed a series of sanctions designed to disrupt Iran’s nuclear program and its ability to acquire and sell conventional arms. We imposed sanctions on the Iranian ambassador to Iraq responsible for coordinating the activity of Iran’s Islamic Revolutionary Guard Corps Quds Force (IRGC- QF) throughout Iraq. Additionally, we imposed sanctions on a huge network of 150 targets, in addition to metals and petrochemical companies. Through the Terrorist Financing Targeting Center’s partnership with seven Gulf nations, joint sanctions against the Islamic State of Iraq and Syria, Hizballah, and Iran’s IRGC-QF were successfully taken.

Additionally, we applied our tools and authorities against Venezuela's Maduro regime to deny the regime revenue and sanctioned members of the regime for human rights violations and corruption. We used sanctions to place pressure on North Korea, including designations focused on North Korea's continued supply of unlawful labor to overseas markets, which is used to generate income in contravention of United Nations sanctions. We countered Russian illicit financing by working with foreign partners and through strategic use of sanctions authorities.

On China, TFI realigned analytic resources to anticipate and analyze more thoroughly the security threats China poses and took action to impose costs on China for human rights abuses in Xinjiang and for undermining Hong Kong's autonomy. On Burma, we implemented a new sanctions regime in response to the Burmese military's coup against the democratically elected civilian government of Burma. In coordination with the issuance of a new Executive Order 14014, *Blocking Property with Respect to the Situation in Burma*, we designated, pursuant to that Executive Order, approximately 10 individuals and three entities connected to the military apparatus responsible for the coup. We took the actions quickly and at the direction of the White House, in response to violence and suppression of peaceful protests over the weekend of February 21, 2021.

Financial System Transparency

To protect the integrity of markets and of the global financial framework, we have taken steps to increase transparency in the domestic and international systems by strengthening the U.S. AML/CFT regulatory framework and addressing the proliferation of virtual currency and new technologies that create potential vulnerabilities.

Permitting illicit actors to benefit from the stability and security of the U.S. financial system weakens financial transparency, distorts markets, and hurts ordinary Americans. Financial technology is growing and transforming the landscape of the financial industry, which is interconnected at a global level. Rapid evolution and adoption of new technologies can yield economic and social benefits and also present new potential for illicit financial activity. U.S. financial institutions' resources may not be leveraged to their fullest potential. Treasury seeks to enhance financial institutions' ability to enhance the effectiveness of their BSA/AML programs and report robust, contextual, and timely information on the highest priority threats to support investigations.

The *Anti-Money Laundering Act of 2020* will strengthen and adapt the U.S. AML/CFT regulatory framework to collect beneficial ownership information and address emerging challenges and evolving regulatory requirements. We will also engage domestic and international partners to develop and implement financial transparency standards, enhance anticorruption efforts, and expand financial access and inclusion. In addition to the national AML/CFT priorities we published to inform risk-based supervision, we will publish a national illicit finance strategy to address priority threats.

Strengthen Cybersecurity

Technology is a core facet of the financial sector's functioning and faces an increasingly diverse and sophisticated array of cyber threats, including from trusted third parties. As the financial industry and federal government further rely on information and operational technology and computer networks, which can be vulnerable throughout the entire IT supply chain, we must address our own cybersecurity vulnerabilities and demonstrate leadership, ensure operational resiliency, and provide support to external stakeholders. This will help to ensure that the U.S and global financial system and Treasury's infrastructure are hardened against cyber incidents and our full range of tools is deployed to counter malicious cyber actions.

Treasury and the financial services sector face increasing attacks from cyber criminals and state actors attempting to disrupt operations or steal data from sensitive systems. The tactics, techniques, and procedures perpetrators of these incidents use are constantly evolving. There is a risk that a successful cyberattack may seriously affect our operations or the operations of the financial sector more broadly. A breach of or inability of any of our high-value asset systems to execute core functions within established performance metrics could have nationwide and international ramifications.

To overcome these challenges, we are engaging domestic and international partners to enhance sector cyber hygiene. This includes efforts to improve resilience, continuity, and emergency preparedness, while also identifying and addressing technology vulnerabilities, including the use of third-party service providers. We are also protecting financial infrastructure by leveraging existing authorities to detect, deter, and disrupt malicious cyber activities. Finally, we are upgrading, securing, and scaling technology resources to effectively support our current role in national security matters, and in accordance with the Presidential Executive Order 14028, *Improving the Nation's Cyber Security*.

Financial Stability

The COVID-19 pandemic exposed existing vulnerabilities in the financial system, especially in the nonbank financial sector and created stress to global and domestic economies. To improve financial resiliency ahead of the next crisis, and reduce associated costs to the economy, the financial sector must address vulnerabilities in financial markets through responsible regulatory reforms. These reforms include improved liquidity risk management and adjustments to the financial market infrastructure in light of changes in technology and investor demand.

Resilient Markets

Treasury and municipal securities markets have evolved significantly as the industry, regulatory environment, trading practices and investor demands have changed. Some elements have not kept pace, raising risks that these critical markets are vulnerable to stresses, which could have significant consequences for economic growth and financial stability. We can help mitigate vulnerabilities by supporting developments that improve the resilience of these markets to stresses and reducing government borrowing costs over time. With federal, state, and local government debt now exceeding $32 trillion, ensuring that these markets remain resilient and able to support all other priorities outlined in this plan, including equitable economic growth and addressing climate change, is a critical component of sound fiscal policy.

To overcome these challenges, we will evaluate structural changes in the Treasury securities markets, and put forward recommendations to make the markets more resilient to future disruptions, and promote the central role of U.S. Treasury securities in global finance. We will also evaluate structural changes in the municipal securities market and make recommendations to promote greater efficiency, liquidity, and transparency.

Financial Innovation

Treasury promotes a financial system that delivers inclusive access to financial services that effectively meet the needs of market participants, while maintaining financial stability and market integrity. Emerging financial technologies have accelerated aspirations for a more equitable and inclusive financial system. Many innovations in digital finance (*e.g.*, digital assets) remain nascent, with both risks and benefits that have yet to be assessed. Other innovations, such as mobile money, digital lending, and consumer data analytics, are relatively more mature and have already demonstrated the potential to improve the delivery of payments and other financial services for many Americans. But more can and should be done to reach those whose financial needs remain unmet by the financial services sector. Expanding access to digital financial services (payments, credit, saving, insurance) is a key component to increasing financial inclusion, domestically and internationally.

We encourage the responsible use of innovative financial technology, both across the financial sector and in our own programs, to deliver affordable and secure financial services that better serve consumers and small businesses. Keeping pace with private sector developments in digital finance could help ensure an informed approach across the federal government to facilitating a stable and accessible financial system. Failing to do so could result in financial regulation becoming unresponsive to the needs and expectations of the public.

Similarly, we are improving our own financial activities by leveraging private sector technology to better execute federal financial management services, secure U.S. currency from counterfeiting, and deliver payments to the public. Our commitment to transition to electronic payments from physical payments (*e.g.*, checks) has the potential to advance both our financial inclusion and net-zero carbon goals

Combating Climate Change

The U.S. and the world face a climate crisis and a narrowing window to act to avoid the worst impacts of climate change. At the same time, the transition to a low-carbon economy presents a historic economic opportunity for the U.S. and global economy. The U.S. federal government must work alongside our domestic and international partners to respond ambitiously to tackle the challenges of climate change, adapt to an already changing climate, mitigate the risks, and position the global economy for clean and sustainable growth.

In April 2020, we created a new Climate Hub and appointed a Climate Counselor to coordinate and lead efforts to address climate change. The Climate Hub will focus on the broad range of our climate-related policy work connected to 1) climate transition finance; 2) climate-related economic and tax policy; and 3) climate-related financial risks.

In July 2021, we published the first edition of Climate Action Plan as a response to Executive Order 14008, *Tackling the Climate Crisis at Home and Abroad*. It focuses on our efforts on a wide range of international and domestic policy fronts, as well as our management of facilities, operations, procurements, and financial investments to bolster adaptation and increase resilience to the impacts of climate change.

Pursuant to Executive Order 14030, *Climate-Related Financial Risk*, we are also supporting the development of a government-wide Climate-Related Financial Risk Strategy and engaging with Financial Stability Oversight Council member agencies to advance efforts to provide financial regulators, financial institutions, and investors with the best information and data to measure climate-related financial risks. The Federal Insurance Office is also assessing climate-related issues in the supervision of insurers, as well as further assessing the potential for major disruptions of private insurance coverage in U.S. markets that are particularly vulnerable to climate change impacts.

Source: Adobe Stock

Climate Action

In 2021, we joined the Coalition of Finance Ministers for Climate Action, assumed co-chairmanship of the G20 Sustainable Finance Working Group, and established bilateral sustainable finance framework discussions with South Africa, Indonesia, and India.

LEADING GLOBAL COMMITMENTS/ACTION

Climate change is an economic, financial, humanitarian, and national security issue. Failure to take swift steps to address its effects will be devastating to the global community. Executive Order 14008, *Tackling the Climate Crisis at Home and Abroad*, calls for international engagement to go hand-in-hand with domestic action to address climate change. In addition, the EO called for the development of the first-of-its kind U.S. International Climate Finance Plan, which was released in April 2021 and outlines a series of actions we will take to respond to the Executive Order. Recognizing the potential future effects of climate change, an already changing climate, and the need to act swiftly, we are re-engaging with international partners, both bilaterally and multilaterally, to act and put the world on a sustainable climate pathway.

We will also promote global efforts to phase out public finance of carbon-intensive fossil fuels by scaling back support for international investments in carbon-intensive projects and setting an example by eliminating domestic subsidies. In August 2021, we issued Fossil Fuel Energy Guidance for Multilateral Development Banks (MDBs), which we advocate for MDB investments prioritizing clean energy, innovation, and energy efficiency. This will help achieve a clean and sustainable future consistent with the development goals of the Paris Agreement.

Multilateral institutions are invaluable partners to the pursuit of sustainable, inclusive, and resilient development. President Biden announced ambitious climate finance pledges in April and September 2021. To support the U.S. pledge, we requested in our FY 2022 Budget $1.25 billion for the Green Climate Fund to, in part, make good on our $2 billion outstanding pledge, $485 million to support other multilateral climate initiatives, and increased support for the multilateral development banks. Looking ahead, we will consider requesting funds for additional new contributions to the Green Climate Fund and other initiatives.

Sustainable Treasury Operations

Our mission, facilities, operations, and services are being impacted by climate disruptions, including global warming, sea level rise, more intense and frequent major weather events, and disruptions to energy availability. To address these impacts, we must improve mitigation efforts to reduce our greenhouse gas emissions, while adapting to a changing environment by making our facilities, operations, and critical supply chains more resilient to climate disruptions. We need to improve our workforces' knowledge and awareness of climate change, the science that supports climate policies, and the means to address the impacts of climate change on our mission and operations. To combat these challenges, we will use our purchasing power to reduce greenhouse gas emissions across our operations.

We will also make our real property portfolio more resilient to address the impacts of climate change. In FY 2022, each Bureau will perform an updated facility risk assessment, update its existing (or identify a new) adaptation action plan to address the highest risks, develop a timeline for each of its respective action plans, and identify any resource requirements. We will collectively assess common actions across Bureaus to minimize resources and efforts. The Treasury Operations Executive Council TOEC working group is already in place to collaborate on best practices and use common efforts.

We will transform our procurement policies and processes to consistently prioritize climate change considerations in purchasing decisions. Specific focus will include developing source selection sustainability evaluation factors, leveraging strategic sourcing opportunities to enable cost-effective purchasing of services and products that support climate adaptation and resilience, identifying Treasury-wide procurement strategies to make federal facilities and operations more climate-ready and resilient, establishing meaningful metrics to track progress, and prioritizing opportunities to support disadvantaged communities.

Finally, we will work to increase climate-change knowledge and expertise through capability-building efforts in climate literacy and engagement and, where applicable, data strategies, coordination, or relevant process improvement efforts.

In response to Executive Order 14008's Section 211 *Climate Action Plans and Data and Information Products to Improve Adaptation and Increase Resilience*, we published the first edition of the Treasury Climate Action Plan, which prioritizes our efforts regarding our facilities and operations to bolster adaptation and increase resilience to the impacts of climate change.

Our Bureaus have undertaken many climate adaptative and resiliency actions, as well as environmental sustainability and energy management initiatives that are documented in annual Treasury Sustainability Plans. Our Bureaus will develop Bureau Climate Action Plans, as well as bureau-level climate action assessments and planning processes with a continual improvement management tool that is ready for deployment.

Modernizing Treasury Operations

Modernizing Treasury's operations is critical to achieving our mission and strategic priorities. In particular, we will focus on a narrow set of enterprise-level improvements that, if made, will improve mission delivery across all organizations and strategic objectives. These include building and retaining a workforce that represents the diverse people and communities we serve, enabling the work routines of the future to capitalize on the lessons we learned from the pandemic work environment, strengthening decision-making through improved use of data, and increasing trust in government by building consistent customer experience. In FY 2021, we adopted strategies to prioritize employee safety during the pandemic, completed foundational work to both improve customer experience and promote data-driven decision making, and had mixed success in modernizing infrastructures.

Recruit/Retain Diverse and Inclusive Workforce

Employment opportunities and leadership roles within Treasury must represent the American people, including with respect to race, ethnicity, religion, sex, gender identity, sexual orientation, age, and disability. In addition to ensuring we are able to carry out our mission effectively and equitably, our efforts to become a more diverse and inclusive organization will also aid in fostering creativity, innovation, productivity, and higher levels of employee engagement.

To accomplish this, we need to increase our focus on developing a diverse pipeline for hiring and promotions and investing in training and development opportunities to improve retention and inclusion in our workforce. Different levels of funding and varied maturity levels in strategic human capital management across Treasury and our bureaus, combined with human resources challenges in the face of accelerating changes to mission and skill requirements, could erode our ability to meet our mission. Investing in recruitment and employee development, while creating a modernized environment (physical, virtual, and cultural) that best supports the workforce, will advance efforts to retain top talent and enable employees to focus on accomplishing our mission.

To address these challenges, we will employ measures to reach previously inaccessible talent. We will identify and mitigate sources of bias in selection and promotion processes. We will take steps to expand on a culture that demonstrates leadership commitment to a culture of inclusion, diversity, equity, and accessibility. Finally, we will take steps to provide a modern, equitable, and inclusive work experience.

Work Re-entry/Future Work Routines

The convergence of the COVID-19 pandemic and climate crisis has resulted in a critical decision point for Treasury about our immediate and long-term physical needs, such as facilities and office spaces and IT, as well as our human capital infrastructure. As the pace of change accelerates and we play a growing role in responding to national crises—foreseen and unforeseen—we must increase our agility, flexibility, and resilience.

How we work together is changing. Failure to support and empower the workforce will stifle the innovation needed to transform and meet the evolving needs of our customers. Technology advances have the potential to enable a more distributed and diverse workforce that can access the best talent anywhere, and a more sustainable and resilient infrastructure. We will also need to evolve our culture and provide equitable access to best-in-class tools, training, and facilities. To achieve this integrated vision, we must modernize our workplace infrastructure and work routines to meet a "whole person" culture, maintain competitiveness, and enable a "new normal" for an engaged and inclusive workforce of the future.

To overcome these challenges, we will equip the workforce with the skills, competencies, and flexibility to succeed in the future. We will transform work routines to meet changing customer and employee needs by fostering a culture of innovation and continuous improvement. Finally, we will modernize the physical and virtual workplace to provide an improved employee experience.

Better Use of Data

We seek to fully unlock the value of our data for mission, service, and the public good. The *Foundations for Evidence-based Policymaking Act of 2018* required agencies to designate a Chief Data Officer, Evaluation Officer, and Statistical Official, and to assess their data maturity and capacity for evidence-building. Through these assessments, we identified many "pockets of excellence" where evidence generated through research, evaluation, analysis, and statistical activities is routinely used to inform decision-making. However, we lack maturity at the enterprise-level. Silos, inconsistent data standards, and resource constraints make it difficult to share data across the department and with other federal partners.

Our ability to support critical decisions across mission areas and detect emerging issues with data may be impeded by a lack of data accessibility and reliability, inability to successfully use and interpret the data, and/or capability to process or analyze data. To develop and maintain a culture where we generate high quality data products and evidence that are easy to consume and share, we must strengthen our data infrastructure, data governance, and analytic capabilities within our workforce.

To overcome these challenges, we will strengthen our ability to develop and use high-quality data through enterprise data governance and by adopting data standards. We will improve data infrastructure by modernizing our legacy systems, advancing the use of secure cloud services, and harnessing new and emerging technologies. We will also strengthen analytic capabilities across our workforce by improving data literacy. Finally, we will advance equity in our programs and services by increasing access to data that we can use to assess and measure equity and inform program policy and decision-making.

Improve Customer Experience

We provide many critical services to the American people—from Main Street to Wall Street—and federal agencies. According to the American Customer Satisfaction Index, the federal government ranks among the bottom of all industries in the U.S. in customer satisfaction.

We are designated as a federal High Impact Service Provider due to the scale and impact of our public-facing services. In FY 2021, the IRS processed returns from 225.3 million individuals and businesses and assisted 68.6 million customers on the phone or in person. When the agency provides a modern, efficient customer experience, it increases Americans' trust in government. When it develops cumbersome regulations or fails to deliver programs equitably, it negatively impacts perceptions of government services.

We must create a culture that focuses on the customer, leveraging the latest research and modern approaches to improving customer experience to improve its overall capabilities and practices. Failure to do so reduces program effectiveness and disrupts the efforts of other federal agencies we serve to better serve their customers.

To overcome these challenges, our managers have launched and communicated a Department-wide customer experience vision. We will use advanced analytic tools, research methods, and outreach to better understand our customers and potential disparate impacts. We will also create and update annually an inventory of high-impact services/journeys to enable a 360-degree view of the customer and prioritize service improvements across all of our customers. Finally, we will put the customer at the center of improvements across high-impact services/journeys using human centered design and continuous process improvement

FY 2021 Operational Performance Measures

In FY 2021, we continued to deliver value to our customers, the American taxpayer. Our performance measures present data on service and operational outcomes for our core programs[1]. Table 3 contains trend information for key measures we use to assess our performance in core services and operations—programs that are critical to the proper functioning of the U.S. government. For each measure, we provide definitional information and briefly explain the trend in performance over the last four years. A full discussion of performance trends for all of our programs is included in the APR.

SELECT PERFORMANCE MEASURES

Bureau/ Office	Measure	FY 18	FY 19	FY 20	FY 21	FY 21 Target	FY 21 Result vs Target
BEP	**Manufacturing costs for currency—dollar costs per thousand notes produced**	$47.41	$51.01	$56.19	$61.81	$63.64	Met
BEP	This measure calculates the actual manufacturing cost for currency notes, which include direct labor costs, the cost of raw materials used, and related manufacturing overhead charges. The FY 2021 cost was lower than anticipated due to savings resulting from decreased spoilage, as well as the recovery of Series 2009 $100 notes through the Single Note Inspection process.						
BEP	**Currency Notes Delivered Returned Due to Defects—Parts per million**	.0031	.09	.02	.016	1	Met
BEP	This measure incentivizes continuous product quality improvement and reduces defect-driven returns of currency notes by the Federal Reserve back to BEP. BEP collects and tracks the number of notes by denomination that are returned from the Federal Reserve Banks. The target for this measure aligns with manufacturing industry quality standards.						
U.S. Mint	**Circulating On-Time Delivery—percentage**	100%	100%	100%	100%	97.5%	Met
U.S. Mint	On-time delivery to the Federal Reserve Banks (FRB) is the percentage of total scheduled orders shipped on time to the FRB. The United States Mint is responsible for providing the Nation's coinage in sufficient quantity to meet the needs of commerce. To accomplish this mission, the United States Mint must supply coinage in the quantities and timelines specified by the FRB. The FRB is then responsible for distributing coinage to the commercial banking sector.						
U.S. Mint	**Numismatic Sales Units—million units**	3.3	4.3	3.4	3.7	3.6	Met
U.S. Mint	The numismatic sales unit metric measures public demand for coin products sold from numismatic operations. This metric also measures performance results achieving the Mint's internal strategic plan goal, "Revitalization of products and customer base" and the Mint's internal strategic objective linked to this goal, "Increasing brand awareness						
U.S. Mint	**Seigniorage per dollar issued**	$0.37	$0.40	$0.47	$0.37	$0.41	Unmet
U.S. Mint	Seigniorage per Dollar Issued is the financial return on circulating operations, calculated as seigniorage divided by the total face value of circulating coins shipped to the FRBs. Seigniorage is the difference between the face value and cost of producing circulating coinage. It measures the cost effectiveness of minting and issuing the United States' circulating coinage.						
TTB	**Percent of permit applications processed within service standards**	71.2%	57.6%	84.1%	92.2%	85%	Met
TTB	This measure represents the overall rate at which TTB is meeting its annual service standard (75 days for FYs 2018 – 2021) for all original permit applications and registrations. The measure reflects the efficiency and consistency of TTB's permitting process and supports effective communication with industry members as to level of service. In FY 2021, TTB issued 92 percent of applications within its 75-day service standard, surpassing its 85 percent target. To sustain these improvements, TTB is undertaking process and system enhancements, including an effort to streamline permit application requirements.						
Fiscal Service	**Percentage of Treasury Payments Made Electronically**	95.4%	95.6%	96.0%	96.2%	96.1%	Met
Fiscal Service	This measure provides the portion of the total volume of payments that is made electronically. FY 2020 and FY 2021 data does not include pandemic-related relief payments such as economic impact payments and advance child tax credit payments.						
Fiscal Service	**Number of paper checks printed FYTD (millions)**	56.0	54.2	50.5	48.8	49.0	Met

[1] Bureaus and offices validate performance data each quarter. The FY 2021 Verification and Validation Report is available at: https://home.treasury.gov/about/budget-financial-reporting-planning-and-performance/budget-requestannual-performance-plan-and-reports

Bureau/ Office	Measure	FY 18	FY 19	FY 20	FY 21	FY 21 Target	FY 21 Result vs Target
	This measure provides the number of payments made via paper checks. FY 2020 and FY 2021 data does not include pandemic-related relief payments such as economic impact payments and advance child tax credit payments.						
IRS	**Customer Service Representative Level of Service (LOS)**	75.9%	65.4%	53.1%	18.5%	32%	Unmet
IRS	This measure represents the number of toll-free callers that either speak to a Customer Service Representative or receive information messages divided by the total number of attempted calls. In FY 2021 the CSR LOS was 18.5 percent, falling short of the target. New legislation resulted in added, unplanned demand for the toll-free phone lines. Total Assistor Demand was more than 200 percent higher than in FY 2020 with some lines seeing increases of more than 2 million calls. Call disconnects were 1,477 percent higher in FY 2021 at 4.1 million compared to 260,000 in FY 2020. Through all of this, IRS was able to answer 3.8 million more calls in FY 2021 than the prior year. IRS continues to monitor demand in real time, allocating resources and shifting between telephones and paper processing to address demand during times of unprecedented call volume.						
IRS	**Enterprise Self Assistance Participation Rate (ESAPR)**	82.0%	85.4%	90.6%	92.3%	89%	Met
IRS	This measure represents the percent where a taxpayer uses one of the IRS's self-assistance service channels (e.g., automated calls, web services) versus needing support from an IRS employee (e.g., face-to-face, over the phone, or via paper correspondence). In FY 2021, the ESAPR was 92.3 percent, exceeding the target of 89.0 percent and 1.9 percent higher than the prior year. Compared to FY 2020, total services increased 36.4 percent, self-assisted services increased 38.9 percent, and assisted services rose 12.4 percent.						
IRS	**Timeliness of Critical Individual Filing Season Tax Products to the Public**	59.6%	92.6%	78.4%	92%	85%	Met
IRS	This measure represents the percentage of Critical Individual Filing Season (CIFS) tax products available to the public seven calendar days before the official IRS start of the filing season. CIFS tax products include tax forms, schedules, instructions, publications, tax packages, and certain notices required by numerous filers to prepare a complete and accurate return. The timeliness of CIFS tax products ended the fiscal year at 92.0 percent, exceeding the FY 2021 target of 85.0 percent. This accomplishment was partially due to the enactment of the P.L. 116-260, Consolidated Appropriations Act, 2021, which determined the February 12 filing season start date. The legislation provided more time to meet the annual goal. Additional factors that contributed to exceeding this year's target include prioritizing work on the release of critical products; planning for legislative changes to quickly re-prioritize work targeted to critical products impacted by the law; granting of overtime, credit, and compensatory time during workdays, weekends and holidays; and workload planning and monitoring by management as well as the efforts of our employees.						
FinCEN	**Percentage of Domestic Law Enforcement and Foreign Financial Intelligence Units finding FINCEN's Analytic Products Valuable to the detection and deterrence of illicit activity**	95%	92%	97%	96%	90%	Met
FinCEN	This performance measure tracks what the analytics products are intended to do (*e.g.*, to be useful to a wide range of customers and have impact, such as identify new leads or provide previously unknown information). In FY 2020, 97 percent found that the analytic products and research had impact on investigations, meeting the target of 90 percent or above. FinCEN was able to achieve this high level of performance by continuously improving processes to increase and more rapidly disseminate financial intelligence information reports to a wider audience, by maintaining the high quality of its reporting through stringent review processes, and by covering issues and topics that meet the operational and informational demands of its domestic and international stakeholders.						
Management	**Treasury-wide EVS Satisfaction Index**	63%	66%	75%	TBD	75%	TBD
Management	The Federal Employee Viewpoint Survey (FEVS) is the primary tool that agencies use to measure employee sentiment. Each year, we track and report on the FEVS Overall Satisfaction Index which comprises three FEVS satisfaction questions. Due to the timing of this year's survey the FY 2021 FEVS results will not be available until February 2022.						
Management	**Percent of Procurement Dollars Spent of Small Business**	42.6%	40.4%	45.0%	39.9%	36%	Met
Management	This goal measures the percentage of procurement dollars obligated toward small businesses (or Treasury's overall small business goal) and highlights Treasury's efforts to ensure that small businesses have the maximum practicable opportunity to provide goods and services to the federal government.						

Bureau/ Office	Measure	FY 18	FY 19	FY 20	FY 21	FY 21 Target	FY 21 Result vs Target
Office of International Affairs	**Percentage of Committee on Foreign Investment in the United States (CFIUS) Cases Reviewed within Statutory Timeframes, reported by calendar year**	100%	100%	100%	TBD	100%	TBD
	This measure tracks compliance with statutory deadlines for completing national security reviews of transactions notified to the CFIUS to ensure that the CFIUS process is timely and efficient. Results are reported on a calendar year basis.						
Office of Terrorism and Financial Intelligence	**Number of New or Modified Sanctions Programs Established by Executive Order or Congressional Mandate**	5	7	6	7	N/A	N/A
	This indicator tracks the number of new or modified sanctions programs that must be implemented and enforced. However, the indicator does not capture the levels of relative complexity for each sanction program or the complexity of individual national security objectives that sanctions attempt to achieve. We do not set targets for new or modified sanctions programs, since the existence of a sanctions program is not itself a measure of success.						

Enterprise Risk Management

Framework

OMB Circular No. A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control*, provides guidance to federal managers to effectively manage risks to achieve strategic objectives. Management, together with the Chief Risk Officer (CRO), is responsible for establishing a governance structure to implement a robust process of risk management and internal control, as well as an enterprise-wide risk profile. Successful implementation requires us to establish and foster an open and transparent culture that encourages people to communicate information about potential risks and other concerns that impact our programs and operations.

The CRO meets regularly with senior leaders to discuss top risks to critical programs, systems, projects, and priorities, including response strategies. The Office of Risk Management (ORM) also established an Enterprise Risk Management (ERM) Council, chaired by the Deputy CRO, which brings together risk managers from each of our bureaus and policy offices on a bi-monthly basis to share best practices and discuss risks. ORM works with the bureaus and policy offices across Treasury to monitor and annually update our risk profile.

Beyond its work at Treasury, ORM leads an interagency ERM community of practice including officials from more than 50 federal agencies. This group grew from ORM's efforts to support agencies in their implementation of ERM, including the July 2016 publication of the Playbook: Enterprise Risk Management (ERM) for the U.S. Federal Government. This government-wide working group meets bi-monthly to discuss common risks and various methods of implementing the guidelines of the Circular.

Enterprise Risks and Challenges

Through the FY 2021 SOAR and enterprise risk management process, we identified the following cross-cutting operational risks.

Evolving Cyber Climate: Treasury and the financial services sector face increasing attacks from cyber criminals and state actors attempting to disrupt operations or steal data from sensitive systems. The tactics, techniques, and procedures perpetrators of these incidents use are constantly evolving.

Workforce Management: Our mission capability may be eroded due to operational challenges in human resources, such as recruitment, training and development, personnel security, and diversity and inclusion. These challenges may be intensified when paired with changing mission and skill requirements.

Data Analytics Capabilities, Sharing, and Infrastructure: Our ability to support critical decisions with data may be negatively affected by a lack of data accessibility and reliability, inability to successfully use and interpret the data, or inability to process or analyze data due to insufficient or aging infrastructure.

Prioritizing Objectives to Effectively Leverage Limited Resources: We have many extremely important ongoing missions and are also at the forefront of several new initiatives to improve our economy and return it to a stable footing. Due to uncertain funding amounts and timing, new or changing legislative requirements, and reduced capacity, we may not be agile enough to sufficiently balance new initiatives with existing requirements or projects.

Significant Disruptions to Operations: We may face significant disruptions to operations, due to climate change, natural disasters, terrorist events, pandemics, or a lapse in appropriations, resulting in our inability to successfully deliver our mission, constrained progress in critical areas, and/or challenges for employees, contractors, customers, and taxpayers.

Procurement, Acquisition, and Vendors: We may be unable to timely acquire necessary products and services, initiate work under contracts, and effectively monitor contract execution due to supply chain vulnerabilities such as supplier risk, single vendors, lost time, and inefficient contracts. This may result in a failure to deliver on mission needs.

FY 2022 OUTLOOK

The FY 2022 – 2026 Strategic Plan describes the long-term goals and objectives we aim to achieve during this Administration, building from the progress made and challenges identified in FY 2021.

Our FY 2021 SOAR outlined several focus areas that will shape the development of our future priorities: (1) tax administration and policy; (2) strategic threat disruption; (3) cyber resiliency of financial systems and institutions; 4) resilient government securities markets; and (5) customer experience practices.

Looking ahead, we shaped our strategic goals around five key priority areas: (1) promoting equitable economic growth and recovery; (2) enhancing national security; (3) protecting financial stability and resiliency; (4) combating climate change; and (5) modernizing Treasury operations.

To achieve progress on these priorities, we will continue to manage the Department's programs under the CARES Act, CAA, and ARP. We will also pursue priorities as described in Executive Order 14008: *Tackling the Climate Crisis at Home and Abroad*, Executive Order 14030: *Climate-Related Financial Risk*, and Executive Order 13985 *Advancing Racial Equity and Support for Underserved Communities through the Federal Government*.

ADDITIONAL INFORMATION

SUMMARY OF MANAGEMENT AND PERFORMANCE CHALLENGES

In accordance with the *Reports Consolidation Act* of 2000, the Inspectors General are required to identify specific management and performance challenges we face. At the end of each fiscal year, the Treasury Office of Inspector General (OIG) and Treasury Inspector General for Tax Administration (TIGTA) send an update of these management challenges to the Secretary of the Treasury (hereafter referred to as "Secretary") and cite any new challenges for the upcoming fiscal year. The Special Inspector General for the Troubled Asset Relief Program (SIGTARP) identifies their management or performance challenges for the Office of Financial Stability (OFS) separately in their quarterly report to Congress. This section contains the OIG and TIGTA identified management and performance challenges and management's response.[2]

OIG – IDENTIFIED MANAGEMENT CHALLENGES

- Coronavirus Disease 2019 (COVID-19) Pandemic Relief
- Transition of New Administration (new)
- Cyber Threats
- Anti-Money Laundering/Terrorist Financing and Bank Secrecy Act Enforcement
- Efforts to Promote Spending Transparency and To Prevent and Detect Improper Payments
- Information Technology Acquisition and Project Management

TIGTA – Identified Management Challenges

- Administration of Tax Law Changes and Pandemic Relief Benefits;
- Enhancing Security of Taxpayer Data and Protection of IRS Resources;
- Improving Tax Reporting and Payment Compliance to Reduce the Tax Gap;
- Modernizing IRS Operations;
- Improving Customer Service and the Taxpayer Experience;
- Addressing Emerging Threats to Tax Administration;
- Reducing Fraudulent Claims and Improper Payments;
- Increasing International Tax Compliance;
- Protecting Taxpayer Rights; and
- Human Capital.

GAO – Identified High-Risk Areas

- Modernizing the U.S Financial Regulatory System (OFR/FSOC/OCC/Federal Reserve); and
- Enforcement of Tax Laws (IRS).

GOOD ACCOUNTING OBLIGATION IN GOVERNMENT ACT (GAO-IG ACT)

The Good Accounting Obligation in Government Act (the Act) requires each Federal agency to include, in its annual budget justification, a report that identifies each public recommendation issued by the Government Accountability Office (GAO) and the

[2] The FY 2021 AFR is available at https://home.treasury.gov/system/files/266/Treasury-FY-2021-AFR.pdf . The response letters are on pages 230-238 (OIG) and 251-255 (TIGTA).

agency's inspector(s) general (IGs) that has remained unimplemented for one year or more from the budget justification submission date. In compliance with the Act, Treasury has included a report listing each public recommendation issued by GAO, Treasury Office of Inspector General (OIG), and Treasury Inspector General for Tax Administration (TIGTA). For recommendations with which Treasury agreed, this report provides timelines for full implementation of the planned corrective actions (PCAs). For recommendations with completed PCAs, this report indicates the status as "Implemented and Awaiting Auditor Verification." For recommendations with which Treasury disagreed or did not implement corrective actions due to budgetary constraints or other factors, this report indicates their status as either "Rejected" or "On Hold," respectively. For recommendations where Treasury did not formally respond or take action, this report indicates "No Action Taken." The Act also requires a reconciliation between the agency records of unimplemented recommendations and each IGs' Semiannual Report to Congress (SAR). Treasury IGs use the same system (Treasury's Joint Audit Management Enterprise System (JAMES)) for the reporting of unimplemented recommendations in the SAR. In addition, Treasury IGs have direct access to JAMES and regularly review and validate the recommendation implementation status recorded in JAMES by conducting corrective action verifications and follow-up audits. A reconciliation table is provided as part of this report to illustrate that the discrepancies between this report and the SAR are due to differences in reporting criteria. The information used to create this report is based on JAMES and GAO's recommendations database available on www.gao.gov. Executive summaries and detailed reports are also available on Treasury's website at: https://home.treasury.gov/about/budget-financial-reporting-planning-and-performance/good-accounting-obligation-in-government-act-gao-ig-act-reports.

Reporting Methodology and Report Structure

This report includes GAO, OIG, and TIGTA recommendations issued between 2/1/2014 and 1/31/2021 (7 years per Treasury's record retention policy) that remained unimplemented for one year or more from the planned fiscal year 2023 budget justification submission date.

The report has five parts:

Appendix 1: A report listing GAO recommendations and their implementation status.
Appendix 2: A report listing OIG recommendations and their implementation status.
Appendix 3: A report listing TIGTA recommendations and their implementation status.
Appendix 4: A reconciliation of this report and the IGs' SARs.
Appendix A: A listing of acronyms used throughout this report.

Evidence Act

The Foundations for Evidence-Based Policymaking Act ("Evidence Act"), Public Law 115-435, takes steps to advance evidence-building functions in the Federal government. The law builds on existing Federal policies and data infrastructure investments to support information quality, access, and use. The Evidence Act challenges agencies to rethink how they are currently using and organizing evidence. The Annual Performance Plan and Report section of each budget chapter (Section II, part B) highlights the ways in which evidence, including program evaluation and research findings, was used to further the agency's understanding of program performance, establish performance goals, and inform future priorities. Additionally, where the agency made changes to performance measures, the Annual Performance Plan and Report (Section II, Part C) describes how evidence informed these changes.

Treasury's FY 2022 – 2026 Learning Agenda is set of priority questions designed to generate evidence through research, evaluation, or analysis to inform agency decision-making on policy development or program administration. The Learning Agenda includes questions about past program performance and potential strategies or approaches to improve performance and meet agency goals. Additionally, the Treasury FY 2023 Annual Evaluation Plan identifies significant evaluations that Treasury plans to conduct next year to evaluate critical programs and develop evidence in support of the agency's learning agenda. Finally, the Treasury FY 2022 – 2026 Capacity Assessment highlights areas of agency strength and opportunities to increase the use of evidence, including performance data and evaluation findings, to guide decision-making. As Treasury works to strengthen its overall capacity for evidence-building and enterprise governance, the agency will continue to consider how evidence can be used to inform performance planning and reporting.[3]

IDEA Act

As required by section 3(b)(2) of Public Law 115-336, 132 Stat. 5025-5028, the 21st Century Integrated Digital Experience Act (21st Century IDEA or the Act), Treasury will provide a report to Congress highlighting progress across the enterprise and an integrated approach to modernize agency websites and digital services. This report will include major accomplishments and continued progress in design standardization, bureau website and application modernization, and IDEA compliance for recovery efforts. As required in Section 4(d), Treasury will also continue to digitize all paper-based forms related to serving the public and centralize access to these forms. Please see U.S. Department of the Treasury Public Law 115-336, "21st Century Integrated Digital Experience Act" December 2021 Report Prepared for the Office of Management and Budget and the public per the requirements of section 3(d) of Public Law 115-336. for more information.

Machine Readable Summary Tables

Treasury has developed, for online posting, machine-readable files of the budget summary tables in the executive summary chapter of the FY 2023 Congressional Justification. Please see https://home.treasury.gov/about/budget-financial-reporting-planning-and-performance/budget-requestannual-performance-plan-and-reports for more information.

[3] The Treasury FY 2022 – 2026 Learning Agenda and Capacity Assessment and the FY 2023 Annual Evaluation Plan are available at: https://home.treasury.gov/about/budget-financial-reporting-planning-and-performance/budget-requestannual-performance-plan-and-reports

SUMMARY OF FY 2023 APPROPRIATIONS LANGUAGE

Note—A full-year 2022 appropriation for this account was not enacted at the time the budget was prepared; therefore, the budget assumes these accounts are operating under the Continuing Appropriations Act, 2022 (Division A of P.L. 117–43, as amended). The amounts included for 2022 reflect the annualized level provided by the continuing resolution.

DEPARTMENTAL OFFICES

SALARIES AND EXPENSES

For necessary expenses of the Departmental Offices including operation and maintenance of the Treasury Building and Freedman's Bank Building; 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; executive direction program activities; international affairs and economic policy activities; domestic finance and tax policy activities, including technical assistance to State, local, and territorial entities; and Treasury-wide management policies and programs activities, $293,242,000: Provided, That of the amount appropriated under this heading— (1) not to exceed $350,000 is for official reception and representation expenses; (2) not to exceed $258,000 is for unforeseen emergencies of a confidential nature to be allocated and expended under the direction of the Secretary of the Treasury and to be accounted for solely on the Secretary's certificate; and (3) not to exceed $34,000,000 shall remain available until September 30, 2024, for— (A) the Treasury-wide Financial Statement Audit and Internal Control Program; (B) information technology modernization requirements; (C) the audit, oversight, and administration of the Gulf Coast Restoration Trust Fund; (D) the development and implementation of programs within the Office of Cybersecurity and Critical Infrastructure Protection, including entering into cooperative agreements; (E) operations and maintenance of facilities; and (F) international operations.

OFFICE OF TERRORISM AND FINANCIAL INTELLIGENCE

SALARIES AND EXPENSES

For the necessary expenses of the Office of Terrorism and Financial Intelligence to safeguard the financial system against illicit use and to combat rogue nations, terrorist facilitators, weapons of mass destruction proliferators, human rights abusers, money launderers, drug kingpins, and other national security threats, $212,059,000, of which not less than $3,000,000 shall be available for addressing human rights violations and corruption, including activities authorized by the Global Magnitsky Human Rights Accountability Act (22 U.S.C. 2656 note): Provided, That of the amounts appropriated under this heading, up to $12,000,000 shall remain available until September 30, 2024.

CYBERSECURITY ENHANCEMENT ACCOUNT

For salaries and expenses for enhanced cybersecurity for systems operated by the Department of the Treasury, $215,000,000, to remain available until September 30, 2025: Provided, That such funds shall supplement and not supplant any other amounts made available to the

Treasury offices and bureaus for cybersecurity: Provided further, That of the total amount made available under this heading $9,000,000 shall be available for administrative expenses for the Treasury Chief Information Officer to provide oversight of the investments made under this heading: Provided further, That such funds shall supplement and not supplant any other amounts made available to the Treasury Chief Information Officer.

DEPARTMENT-WIDE SYSTEMS AND CAPITAL INVESTMENTS PROGRAM

For development and acquisition of automatic data processing equipment, software, and services; for the hire of zero emission passenger motor vehicles and for supporting charging or fueling infrastructure; and for repairs and renovations to buildings owned by the Department of the Treasury, $11,118,000, to remain available until September 30, 2025: Provided, That these funds shall be transferred to accounts and in amounts as necessary to satisfy the requirements of the Department's offices, bureaus, and other organizations: Provided further, That this transfer authority shall be in addition to any other transfer authority provided in this Act: Provided further, That none of the funds appropriated under this heading shall be used to support or supplement "Internal Revenue Service, Operations Support" or "Internal Revenue Service, Business Systems Modernization"

OFFICE OF THE INSPECTOR GENERAL

SALARIES AND EXPENSES

For necessary expenses of the Office of Inspector General in carrying out the provisions of the Inspector General Act of 1978, $43,878,000, including hire of passenger motor vehicles; of which not to exceed $100,000 shall be available for unforeseen emergencies of a confidential nature, to be allocated and expended under the direction of the Inspector General of the Treasury; of which up to $2,800,000 to remain available until September 30, 2024, shall be for audits and investigations conducted pursuant to section 1608 of the Resources and Ecosystems Sustainability, Tourist Opportunities, and Revived Economies of the Gulf Coast States Act of 2012 (33 U.S.C. 1321 note); and of which not to exceed $1,000 shall be available for official reception and representation expenses.

COMMITTEE ON FOREIGN INVESTMENT IN THE UNITED STATES

For necessary expenses of the Committee on Foreign Investment in the United States, $20,000,000, to remain available until expended: Provided, That the chairperson of the Committee may transfer such amounts to any department or agency represented on the Committee (including the Department of the Treasury) subject to advance notification to the Committees on Appropriations of the House of Representatives and the Senate: Provided further, That amounts so transferred shall remain available until expended for expenses of implementing section 721 of the Defense Production Act of 1950, as amended (50 U.S.C. 4565), and shall be available in addition to any other funds available to any department or agency: Provided further, That fees authorized by section 721(p) of such Act shall be credited to this appropriation as offsetting collections: Provided further, That the total amount appropriated under this heading from the general fund shall be reduced as such offsetting collections are received during fiscal year 2023, so as to result in a total appropriation from the general fund estimated at not more than $0.

TREASURY INSPECTOR GENERAL FOR TAX ADMINISTRATION

SALARIES AND EXPENSES

For necessary expenses of the Treasury Inspector General for Tax Administration in carrying out the Inspector General Act of 1978, as amended, including purchase and hire of passenger motor vehicles (31 U.S.C. 1343(b)); and services authorized by 5 U.S.C. 3109, at such rates as may be determined by the Inspector General for Tax Administration; $182,409,000, of which $5,000,000 shall remain available until September 30, 2024; of which not to exceed $6,000,000 shall be available for official travel expenses; of which not to exceed $500,000 shall be available for unforeseen emergencies of a confidential nature, to be allocated and expended under the direction of the Inspector General for Tax Administration; and of which not to exceed $1,500 shall be available for official reception and representation expenses.

SPECIAL INSPECTOR GENERAL FOR PANDEMIC RECOVERY

SALARIES AND EXPENSES

For necessary expenses of the Office of the Special Inspector General for Pandemic Recovery in carrying out section 4018 of the Coronavirus Aid, Relief, and Economic Security Act of 2020 (Public Law 116–136), in addition to amounts otherwise available for such purpose, $25,000,000, to remain available until September 30, 2025.

COMMUNITY DEVELOPMENT FINANCIAL INSTITUTIONS FUND PROGRAM ACCOUNT

To carry out the Riegle Community Development and Regulatory Improvement Act of 1994 (subtitle A of title I of Public Law 103–325), including services authorized by section 3109 of title 5, United States Code, but at rates for individuals not to exceed the per diem rate equivalent to the rate for EX-III, $331,420,000. Of the amount appropriated under this heading—
(1) not less than $217,383,000, notwithstanding section 108(e) of Public Law 103–325 (12 U.S.C. 4707(e)) with regard to Small and/or Emerging Community Development Financial Institutions Assistance awards, is available until September 30, 2024, for financial assistance and technical assistance under subparagraphs (A) and (B) of section 108(a)(1), respectively, of Public Law 103–325 (12 U.S.C. 4707(a)(1)(A) and (B)), of which up to $1,600,000 may be available for training and outreach under section 109 of Public Law 103–325 (12 U.S.C. 4708), of which up to $3,153,750 may be used for the cost of direct loans, of which up to $6,000,000, notwithstanding subsection (d) of section 108 of Public Law 103–325 (12 U.S.C. 4707 (d)), may be available to provide financial assistance, technical assistance, training, and outreach to community development financial institutions to expand investments that benefit individuals with disabilities, and of which not less than $2,000,000 shall be for the Economic Mobility Corps to be operated in conjunction with the Corporation for National and Community Service, pursuant to 42 U.S.C. 12571: Provided, That the cost of direct and guaranteed loans, including the cost of modifying such loans, shall be as defined in section 502 of the Congressional Budget Act of 1974: Provided further, That these funds are available to subsidize gross obligations for the principal amount of direct loans not to exceed $25,000,000: Provided further, That of the funds provided under this paragraph, excluding those made to community development financial institutions to expand investments that benefit individuals with disabilities and those made to community development financial institutions that serve populations living in persistent poverty

counties, the CDFI Fund shall prioritize Financial Assistance awards to organizations that invest and lend in high-poverty areas: Provided further, That for purposes of this section, the term "high-poverty area" means any census tract with a poverty rate of at least 20 percent as measured by the 2011–2015 5-year data series available from the American Community Survey of the Bureau of the Census for all States and Puerto Rico or with a poverty rate of at least 20 percent as measured by the 2010 Island areas Decennial Census data for any territory or possession of the United States;

(2) Not less than $21,500,000, notwithstanding section 108(e) of Public Law 103–325 (12 U.S.C. 4707(e)), is available until September 30, 2024, for financial assistance, technical assistance, training, and outreach programs designed to benefit Native American, Native Hawaiian, and Alaska Native communities and provided primarily through qualified community development lender organizations with experience and expertise in community development banking and lending in Indian country, Native American organizations, Tribes and Tribal organizations, and other suitable providers;

(3) not less than $26,000,000 is available until September 30, 2024, for the Bank Enterprise Award program;

(4) not less than $23,000,000, notwithstanding subsections (d) and (e) of section 108 of Public Law 103–325 (12 U.S.C. 4707(d) and (e)), is available until September 30,2024, for a Healthy Food Financing Initiative to provide financial assistance, technical assistance, training, and outreach to community development financial institutions for the purpose of offering affordable financing and technical. assistance to expand the availability of healthy food options in distressed communities;

(5) not less than $8,500,000 is available until September 30, 2024, to provide grants for loan loss reserve funds and to provide technical assistance for small dollar loan programs under section 122 of Public Law 103–325 (12 U.S.C. 4719): Provided, That sections 108(d) and 122(b)(2) of such Public Law shall not apply to the provision of such grants and technical assistance;

(6) up to $35,037,000 is available until September 30, 2023, for administrative expenses, including administration of CDFI Fund programs and the New Markets Tax Credit Program, of which not less than $1,000,000 is for the development of tools to better assess and inform CDFI investment performance and CDFI Fund program impacts, and up to $300,000 is for administrative expenses to carry out the direct loan program; and

(7) during fiscal year 2023, none of the funds available under this heading are available for the cost, as defined in section 502 of the Congressional Budget Act of 1974, of commitments to guarantee bonds and notes under section 114A of the Riegle Community Development and Regulatory Improvement Act of 1994 (12 U.S.C. 4713a): Provided, That commitments to guarantee bonds and notes under such section 114A shall not exceed $500,000,000: Provided further, That such section 114A shall remain in effect until December 31, 2023: Provided further, That of the funds awarded under this heading, except those provided for the Economic Mobility Corps, not less than 10 percent shall be used for awards that support investments that serve populations living in persistent poverty counties: Provided further, That for the purposes of this paragraph and paragraph (1), the term "persistent poverty counties" means any county, including county equivalent areas in Puerto Rico, that has had 20 percent or more of its population living in poverty over the past 30 years, as measured by the 1990 and 2000 decennial

censuses and the 2011–2015 5-year data series available from the American Community Survey of the Bureau of the Census or any other territory or possession of the United States that has had 20 percent or more of its population living in poverty over the past 30 years, as measured by the 1990, 2000 and 2010 Island Areas Decennial Censuses, or equivalent data, of the Bureau of the Census.

SPECIAL INSPECTOR GENERAL FOR THE TROUBLED ASSET RELIEF PROGRAM

SALARIES AND EXPENSES

For necessary expenses of the Office of the Special Inspector General in carrying out the provisions of the Emergency Economic Stabilization Act of 2008 (Public Law 110–343), $9,000,000.

FINANCIAL CRIMES ENFORCEMENT NETWORK

SALARIES AND EXPENSES

For necessary expenses of the Financial Crimes Enforcement Network, including hire of passenger motor vehicles; travel and training expenses of non-Federal and foreign government personnel to attend meetings and training concerned with domestic and foreign financial intelligence activities, law enforcement, and financial regulation; services authorized by 5 U.S.C. 3109; not to exceed $45,000 for official reception and representation expenses; and for assistance to Federal law enforcement agencies, with or without reimbursement, $210,330,000, of which not to exceed $94,600,000 shall remain available until September 30, 2025 for information technology and to implement Division F of the William M. (Mac) Thornberry National Defense Authorization Act for Fiscal Year 2021 (Public Law 116–283).

BUREAU OF THE FISCAL SERVICE

SALARIES AND EXPENSES

For necessary expenses of operations of the Bureau of the Fiscal Service, $372,485,000; of which not to exceed $8,000,000, to remain available until September 30, 2025, is for information systems modernization initiatives; and of which $5,000 shall be available for official reception and representation expenses. In addition, $165,000, to be derived from the Oil Spill Liability Trust Fund to reimburse administrative and personnel expenses for financial management of the Fund, as authorized by section 1012 of Public Law 101–380.

ALCOHOL AND TOBACCO TAX AND TRADE BUREAU

SALARIES AND EXPENSES

For necessary expenses of carrying out section 1111 of the Homeland Security Act of 2002, including hire of passenger motor vehicles, $150,863,000; of which $5,000,000 shall remain available until September 30, 2024; of which not to exceed $6,000 shall be available for official reception and representation expenses; and of which not to exceed $50,000 shall be available for cooperative research and development programs for laboratory services; and provision of laboratory assistance to State and local agencies with or without reimbursement.

UNITED STATES MINT PUBLIC ENTERPRISE FUND

Pursuant to section 5136 of title 31, United States Code, the United States Mint is provided funding through the United States Mint Public Enterprise Fund for costs associated with the production of circulating coins, numismatic coins, and protective services, including both operating expenses and capital investments: Provided, That the aggregate amount of new liabilities and obligations incurred during fiscal year2023 under such section 5136 for circulating coinage and protective service capital investments of the United States Mint shall not exceed $50,000,000.

INTERNAL REVENUE SERVICE

TAXPAYER SERVICES

For necessary expenses of the Internal Revenue Service to provide taxpayer services, including pre-filing assistance and education, filing and account services, taxpayer advocacy services, associated support costs, and other services as authorized by 5 U.S.C. 3109, at such rates as may be determined by the Commissioner, $3,684,593,000; of which not to exceed $100,000,000 shall remain available until September 30, 2024; of which not less than $11,000,000 shall be for the Tax Counseling for the Elderly Program; of which not less than $26,000,000 shall be available for low-income taxpayer clinic grants, including grants to individual clinics of up to $200,000; of which not less than $30,000,000, to remain available until September 30, 2024, shall be available for the Community Volunteer Income Tax Assistance Matching Grants Program for tax return preparation assistance; and of which not less than $235,000,000 shall be available for operating expenses of the Taxpayer Advocate Service: Provided, That of the amounts made available for the Taxpayer Advocate Service, not less than $5,500,000 shall be for identity theft and refund fraud casework.

ENFORCEMENT

For necessary expenses for tax enforcement activities of the Internal Revenue Service to determine and collect owed taxes, to provide legal and litigation support, to conduct criminal investigations, to enforce criminal statutes related to violations of internal revenue laws and other financial crimes, to purchase and hire passenger motor vehicles (31 U.S.C. 1343(b)), associated support costs, and to provide other services as authorized by 5 U.S.C. 3109, at such rates as may be determined by the Commissioner, $6,272,313,000; of which not to exceed $250,000,000 shall remain available until September 30, 2024; of which not less than $60,257,000 shall be for the Interagency Crime and Drug Enforcement program; and of which not to exceed $21,000,000 shall be for investigative technology for the Criminal Investigation Division: Provided, That the amount made available for investigative technology for the Criminal Investigation Division shall be in addition to amounts made available for the Criminal Investigation Division under the "Operations Support" heading.

OPERATIONS SUPPORT

For necessary expenses to operate the Internal Revenue Service, including headquarters; the hire of passenger motor vehicles (31 U.S.C. 1343(b)); the operations of the Internal Revenue Service Oversight Board; and other services as authorized by 5 U.S.C. 3109, at such rates as may be determined by the Commissioner; $3,833,734,000; of which not to exceed $275,000,000 *shall remain available until September 30, 2024; of which not to exceed $10,000,000 shall remain available until expended for acquisition of equipment and construction, repair and renovation of facilities; of which not to exceed $1,000,000 shall remain available until September 30, 2025, for research; and of which not to exceed $20,000 shall be for official reception and representation expenses: Provided, That not later than 30 days after the end of each quarter, the Internal Revenue Service shall submit a report to the Committees on Appropriations of the House of Representatives and the Senate and the Comptroller General of the United States detailing major information technology investments in the Internal Revenue Service Integrated Modernization Business Plan portfolio, including detailed, plain language summaries on the status of plans, costs, and results; prior results and actual expenditures of the prior quarter; upcoming deliverables and costs for the fiscal year; risks and mitigation strategies associated with ongoing work; reasons for any cost or schedule variances; and total expenditures by fiscal year: Provided further, That the Internal Revenue Service shall include, in its budget justification for fiscal year 2024, a summary of cost and schedule performance information for its major information technology systems.*

BUSINESS SYSTEMS MODERNIZATION

For necessary expenses of the Internal Revenue Service's business systems modernization program, $310,027,000, to remain available until September 30, 2025, for the capital asset acquisition of information technology systems, including management and related contractual costs of said acquisitions, including related Internal Revenue Service labor costs, and contractual costs associated with operations authorized by 5 U.S.C. 3109: Provided, That not later than 30 days after the end of each quarter, the Internal Revenue Service shall submit a report to the Committees on Appropriations of the House of Representatives and the Senate and the Comptroller General of the United States detailing major information technology investments in the Internal Revenue Service Integrated Modernization Business Plan portfolio, including detailed, plain language summaries on the status of plans, costs, and results; prior results and actual expenditures of the prior quarter; upcoming deliverables and costs for the fiscal year; risks and mitigation strategies associated with ongoing work; reasons for any cost or schedule variances; and total expenditures by fiscal year.

ADMINISTRATIVE PROVISIONS— INTERNAL REVENUE SERVICE

***SEC. 101**. Not to exceed 4 percent of the appropriation made available in this Act to the Internal Revenue Service under the "Enforcement" heading, and not to exceed 5 percent of any other appropriation made available in this Act to the Internal Revenue Service, may be transferred to any other Internal Revenue Service appropriation upon advance notice to the Committees on Appropriations of the House of Representatives and the Senate: Provided, That an additional 2 percent of the appropriation made available in this Act to the Internal Revenue Service under the "Enforcement" heading may be transferred to the appropriation made available in this Act to the Internal Revenue Service under the "Taxpayer Services" heading upon advance notice to the Committees on Appropriations of the House of Representatives and the Senate.*

***SEC. 102.** The Internal Revenue Service shall maintain an employee training program, which shall include the following topics: taxpayers' rights, dealing courteously with taxpayers, cross-cultural relations, ethics, and the impartial application of tax law.*

SEC. 103. *The Internal Revenue Service shall institute and enforce policies and procedures that will safeguard the confidentiality of taxpayer information and protect taxpayers against identity theft.*
SEC. 104. *Funds made available by this or any other Act to the Internal Revenue Service shall be available for improved facilities and increased staffing to provide sufficient and effective 1–800 help line service for taxpayers. The Commissioner shall continue to make improvements to the Internal Revenue Service 1–800 help line service a priority and allocate resources necessary to enhance the response time to taxpayer communications, particularly with regard to victims of tax-related crimes.*
SEC. 105. *The Internal Revenue Service shall issue a notice of confirmation of any address change relating to an employer making employment tax payments, and such notice shall be sent to both the employer's former and new address and an officer or employee of the Internal Revenue Service shall give special consideration to an offer-in-compromise from a taxpayer who has been the victim of fraud by a third party payroll tax preparer.*
SEC. 106. *None of the funds made available under this Act may be used by the Internal Revenue Service to target citizens of the United States for exercising any right guaranteed under the First Amendment to the Constitution of the United States.*
SEC. 107. *None of the funds made available in this Act may be used by the Internal Revenue Service to target groups for regulatory scrutiny based on their ideological beliefs.*
SEC. 108. *None of funds made available by this Act to the Internal Revenue Service shall be obligated or expended on conferences that do not adhere to the procedures, verification processes, documentation requirements, and policies issued by the Chief Financial Officer, Human Capital Office, and Agency-Wide Shared Services as a result of the recommendations in the report published on May 31, 2013, by the Treasury Inspector General for Tax Administration entitled "Review of the August 2010 Small Business/Self-Employed Division's Conference in Anaheim, California" (Reference Number 2013–10–037).*
SEC. 109. *None of the funds made available in this Act to the Internal Revenue Service may be obligated or expended— (1) to make a payment to any employee under a bonus, award, or recognition program; or (2) under any hiring or personnel selection process with respect to re-hiring a former employee; unless such program or process takes into account the conduct and Federal tax compliance of such employee or former employee.*
SEC. 110. *None of the funds made available by this Act may be used in contravention of section 6103 of the Internal Revenue Code of 1986 (relating to confidentiality and disclosure of returns and return information).*

ADMINISTRATIVE PROVISIONS—DEPARTMENT OF THE TREASURY

SEC. 111. *Notwithstanding any Congressional notification requirements for a reprogramming of funds in this Act, funds provided in this Act for the Internal Revenue Service shall be available for obligation and expenditure through a reprogramming of funds that augments or reduces existing programs, projects, or activities by up to $10,000,000 without prior Congressional notification of such action.*
SEC. 111. *Appropriations to the Department of the Treasury in this Act shall be available for uniforms or allowances therefor, as authorized by law (5 U.S.C. 5901), including maintenance, repairs, and cleaning; purchase of insurance for official motor vehicles operated in foreign countries; purchase of motor vehicles without regard to the general purchase price limitations*

for vehicles purchased and used overseas for the current fiscal year; entering into contracts with the Department of State for the furnishing of health and medical services to employees and their dependents serving in foreign countries; and services authorized by 5 U.S.C. 3109.
SEC. 112. *Not to exceed 2 percent of any appropriations in this title made available under the headings "Departmental Offices—Salaries and Expenses", "Office of Inspector General", "Special Inspector General for the Troubled Asset Relief Program", "Financial Crimes Enforcement Network", "Bureau of the Fiscal Service", and "Alcohol and Tobacco Tax and Trade Bureau" may be transferred between such appropriations upon the advance notification of the Committees on Appropriations of the House of Representatives and the Senate: Provided, That no transfer under this section may increase or decrease any such appropriation by more than 2 percent.*
SEC. 113. *Not to exceed 2 percent of any appropriation made available in this Act to the Internal Revenue Service may be transferred to the Treasury Inspector General for Tax Administration's appropriation upon the advance notification of the Committees on Appropriations of the House of Representatives and the Senate: Provided, That no transfer may increase or decrease any such appropriation by more than 2 percent.*
SEC. 114. *None of the funds appropriated in this Act or otherwise available to the Department of the Treasury or the Bureau of Engraving and Printing may be used to redesign the $1 Federal Reserve note.*
SEC. 115. *The Secretary of the Treasury may transfer funds from the "Bureau of the Fiscal Service—Salaries and Expenses" to the Debt Collection Fund as necessary to cover the costs of debt collection: Provided, That such amounts shall be reimbursed to such salaries and expenses account from debt collections received in the Debt Collection Fund.*
SEC. 116. *None of the funds appropriated or otherwise made available by this or any other Act may be used by the United States Mint to construct or operate any museum without the prior notification of the Committees on Appropriations of the House of Representatives and the Senate, the House Committee on Financial Services, and the Senate Committee on Banking, Housing, and Urban Affairs.*
SEC. 117. *None of the funds appropriated or otherwise made available by this or any other Act or source to the Department of the Treasury, the Bureau of Engraving and Printing, and the United States Mint, individually or collectively, may be used to consolidate any or all functions of the Bureau of Engraving and Printing and the United States Mint without the prior notification of the House Committee on Financial Services; the Senate Committee on Banking, Housing, and Urban Affairs; and the Committees on Appropriations of the House of Representatives and the Senate.*
SEC. 118. *Funds appropriated by this Act, or made available by the transfer of funds in this Act, for the Department of the Treasury's intelligence or intelligence related activities are deemed to be specifically authorized by the Congress for purposes of section 504 of the National Security Act of 1947 (50 U.S.C. 414) during fiscal year 2023 until the enactment of the Intelligence Authorization Act for Fiscal Year 2023.*
SEC. 119. *Not to exceed $5,000 shall be made available from the Bureau of Engraving and Printing's Industrial Revolving Fund for necessary official reception and representation expenses.*
SEC. 120. *Within 45 days after the date of enactment of this Act, the Secretary of the Treasury shall submit an itemized report to the Committees on Appropriations of the House of*

Representatives and the Senate on the amount of total funds charged to each office by the Franchise Fund including the amount charged for each service provided by the Franchise Fund to each office, a detailed description of the services, a detailed explanation of how each charge for each service is calculated, and a description of the role customers have in governing in the Franchise Fund.

SEC. 121. *During fiscal year 2023— (1) none of the funds made available in this or any other Act may be used by the Department of the Treasury, including the Internal Revenue Service, to issue, revise, or finalize any regulation, revenue ruling, or other guidance not limited to a particular taxpayer relating to the standard which is used to determine whether an organization is operated exclusively for the promotion of social welfare for purposes of section 501(c)(4) of the Internal Revenue Code of 1986 (including the proposed regulations published at 78 Fed. Reg. 71535 (November 29, 2013)); and (2) the standard and definitions as in effect on January 1, 2010, which are used to make such determinations shall apply after the date of the enactment of this Act for purposes of determining status under section 501(c)(4) of such Code of organizations created on, before, or after such date.*

SEC. 122. *(a) Not later than 60 days after the end of each quarter, the Office of Financial Research shall submit reports on their activities to the Committees on Appropriations of the House of Representatives and the Senate, the Committee on Financial Services of the House of Representatives and the Senate Committee on Banking, Housing, and Urban Affairs. (b) The reports required under subsection (a) shall include— (1) the obligations made during the previous quarter by object class, office, and activity; (2) the estimated obligations for the remainder of the fiscal year by object class, office, and activity; (3) the number of full-time equivalents within each office during the previous quarter; (4) the estimated number of full-time equivalents within each office for the remainder of the fiscal year; and (5) actions taken to achieve the goals, objectives, and performance measures of each office. (c) At the request of any such Committees specified in subsection (a), the Office of Financial Research shall make officials available to testify on the contents of the reports required under subsection (a).*

SEC. 123*. Notwithstanding any other provision of law, the unobligated balances from amounts made available to the Secretary of the Treasury for administrative expenses pursuant to sections 4003(f) and 4112(b) of the Coronavirus Aid, Relief, and Economic Security Act (Public Law 116–136); section 421(f)(2) of Division N of the Consolidated Appropriations Act, 2021 (Public Law 116–260); sections 3201(a)(2)(B), 3206(d)(1)(A), and 7301(b)(5) of the American Rescue Plan Act of 2021 (Public Law 117–2); and section 602(a)(2) of the Social Security Act, as added by section 9901 of the American Rescue Plan Act of 2021 (Public Law 117–2), shall be available for any administrative expenses determined by the Secretary of the Treasury to be necessary to respond to the coronavirus, including but not limited to expenses necessary to implement any provision of the Coronavirus Aid, Relief, and Economic Security Act (Public Law 116–136), Division N of the Consolidated Appropriations Act, 2021 (Public Law 116–260), the American Rescue Plan Act (Public Law 117–2), or title VI of the Social Security Act: Provided, That such unobligated balances shall be available in addition to any other appropriations provided for such purposes.*

SEC. 124. *Section 121 of the Emergency Economic Stabilization Act of 2008 (12 U.S.C. 5231) is amended in subsection (e)(1)(B)(ii) by striking "subparagraph" and all that follows through the period at the end and inserting "subparagraph, the Special Inspector General may not make any* *appointment that exceeds 18 months or that extends beyond the date on which the Special Inspector General terminates under subsection (k).".*

***SEC. 125**. Not to exceed 5 percent of any appropriation made available in this Act for the Department of the Treasury may be transferred to the Department's information technology system modernization and working capital fund (IT WCF), as authorized by section 1077(b)(1) of title X of division A of the National Defense Authorization Act for Fiscal Year 2018, for the purposes specified in section 1077(b)(3) of such Act, upon the prior notification of the Committees on Appropriations of the House of Representatives and the Senate: Provided, That amounts transferred to the IT WCF under this section shall remain available for obligation through September 30, 2026.*

Department of the Treasury
Internal Revenue Service

Congressional Budget Justification and Annual Performance Plan and Report

FY 2023

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Commissioner's Message

The Internal Revenue Service (IRS) is the primary source of funding for the United States government and collected more than $4 trillion in gross taxes in FY 2021. As the past year shows, we are more than a tax administration agency. We also make it possible for the government to perform its vital functions and be effective on everything from education to defense. The unprecedented events of the last two years illustrate the significant role the IRS plays in the overall economic health of our country. We have effectively supported economic growth and recovery while fulfilling our core mission, including delivery of two extended tax filing seasons. Now we're planning for a new organizational structure and an increase in our workforce that will position us well for the future. These endeavors will also further the IRS's efforts in delivering a stellar taxpayer experience. Given the importance of the IRS to the nation, I believe it is essential for me to leave the agency in a stronger position, with greater resources, when my term ends in November 2022.

At a time when the IRS has faced consequential resource challenges, we have taken on new responsibilities affecting almost every American. IRS employees' heroic efforts during this national crisis included distributing three rounds of Economic Impact Payments totaling more than $800 billion as well as more than $500 billion in individual refunds since the spring of 2020. In 2021, we were called upon to implement portions of the American Rescue Plan Act, including the provision for advance payments of the 2021 Child Tax Credit (CTC) to provide much needed help to eligible Americans. We issued the first round of more than 35 million Advance CTC payments on July 15, and further monthly payments were made through the end of calendar year 2021. The IRS worked hard to deliver this program quickly, efficiently, and on time. In June, we sent more than 36 million letters to people who may be eligible, to let them know about this benefit, and stood-up an online portal allowing taxpayers to make updates to their accounts or opt out from receiving the advance CTC.

Like all federal agencies, the IRS is best able to fulfill its mission – providing the services Americans deserve and appropriately enforcing the tax laws – when it receives the resources it needs. We anticipate over 60 percent of our 83,000 employees will retire within the next six years. Building back a strong workforce, augmenting taxpayer services, and establishing proper support functions are my top priorities - and the premise of this budget request. An appropriate level of consistent, multi-year funding will allow the IRS to continue enhancing the taxpayer experience, narrowing the tax gap to ensure equitable administration of the tax code, protecting IRS systems and taxpayer data, and modernizing our information technology systems. This request will address the IRS's paper inventory, bolster our telephone level of service, and continue developing innovative approaches to understanding, detecting, and resolving potential noncompliance to maintain taxpayer confidence in the tax system. Efforts to expand the use of data, analytics, and artificial intelligence across all lanes in the audit process, from selection to examination will persist.

We are making a difference and we want to continue to successfully pursue our mission on behalf of our great country.

Chuck Rettig
Commissioner

Section I – Budget Request

A – Mission Statement

Provide America's taxpayers top-quality service by helping them understand and meet their tax responsibilities and enforce the law with integrity and fairness to all.

1.1 – Appropriations Detail Table

Dollars in Thousands

Appropriated Resources	FY 2021 Operating Plan[1, 2]		FY 2022 Annualized CR[3]		FY 2023 Request		FY 2023 Request with Technical Adjustment		% Change FY 2022 to FY 2023 Request		% Change FY 2022 to FY 2023 Request with Technical Adjustment	
	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT
New Appropriated Resources:												
Taxpayer Services	**25,989**	**$2,587,606**	**27,990**	**$2,763,606**	**32,865**	**$3,385,723**	**33,041**	**$3,684,593**	**17.42%**	**22.51%**	**18.05%**	**33.33%**
Pre-Filing Taxpayer Assistance and Education	4,514	657,618	5,536	720,276	5,967	803,873	6,003	866,539	7.79%	11.61%	8.44%	20.31%
Filing and Account Services	21,475	1,929,988	22,454	2,043,330	26,898	2,581,850	27,038	2,818,054	19.79%	26.36%	20.42%	37.91%
Enforcement	**34,989**	**$5,004,622**	**35,604**	**$5,004,622**	**38,607**	**$5,861,649**	**38,831**	**$6,272,313**	**8.43%**	**17.12%**	**9.06%**	**25.33%**
Investigations	3,012	678,193	2,965	667,279	3,223	785,121	3,243	838,596	8.70%	17.66%	9.38%	25.67%
Exam and Collections	30,987	4,170,886	31,615	4,160,748	34,331	4,883,575	34,530	5,228,803	8.59%	17.37%	9.22%	25.67%
Regulatory	990	155,543	1,024	176,595	1,053	192,953	1,058	204,914	2.83%	9.26%	3.32%	16.04%
Operations Support	**12,037**	**$4,104,102**	**11,631**	**$3,928,102**	**11,923**	**$4,543,268**	**11,523**	**$3,833,734**	**2.51%**	**15.66%**	**-0.93%**	**-2.40%**
Infrastructure		886,713		918,659		1,039,852		405,408		13.19%		-55.87%
Shared Services and Support	5,122	1,046,754	5,067	1,109,740	5,183	1,200,105	4,783	1,125,014	2.29%	8.14%	-5.60%	1.38%
Information Services	6,915	2,170,635	6,564	1,899,703	6,740	2,303,311	6,740	2,303,312	2.68%	21.25%	2.68%	21.25%
Business Systems Modernization	**394**	**$222,724**	**308**	**$222,724**	**412**	**$310,027**	**412**	**$310,027**	**33.77%**	**39.20%**	**33.77%**	**39.20%**
Subtotal New Appropriated Resources	**73,409**	**$11,919,054**	**75,533**	**$11,919,054**	**83,807**	**$14,100,667**	**83,807**	**$14,100,667**	**10.95%**	**18.30%**	**10.95%**	**18.30%**
Other Resources:												
Reimbursables	694	98,412	585	157,000	614	164,851	614	164,851	4.96%	5.00%	4.96%	5.00%
Offsetting Collections - Non Reimbursables		66,504		10,000		10,500		10,500		5.00%		5.00%
User Fees	81	502,449	86	414,364	1,006	340,733	1,006	340,733	1069.77%	-17.77%	1069.77%	-17.77%
Recovery from Prior Years		35,304		19,476		19,476		19,476				
Unobligated Balances from Prior Years	1,590	652,599	3,144	1,332,422	41	421,908	41	421,908	-98.70%	-68.34%	-98.70%	-68.34%
Transfers In/Out				140		140		140				
Recoveries Paid				3,398		3,398		3,398				
Resources from Other Accounts[4]	334	138,409	460	117,243	821	146,057	34	146,057	78.48%	24.58%	-92.61%	24.58%
Subtotal Other Resources	**2,699**	**$1,493,677**	**4,275**	**$2,054,043**	**2,482**	**$1,107,063**	**$1,695**	**$1,107,063**	**-41.94%**	**-46.10%**	**-60.35%**	**-46.10%**
Total Budgetary Resources	**76,108**	**$13,412,731**	**79,808**	**$13,973,097**	**86,289**	**$15,207,730**	**$85,502**	**$15,207,730**	**8.12%**	**8.84%**	**7.13%**	**8.84%**

[1] FY 2021 Other Resources represent actuals.

[2] FY 2021 Operating Plan includes an interappropriation transfer from Enforcement ($208 million) to Taxpayer Services ($32 million) and Operations Support ($176 million).

[3] FY 2022 Annualized CR includes an interappropriation transfer of $208 million from Enforcement to Taxpayer Services.

[4] Resources from Other Accounts reflect planned spending from Private Collection Agency retained earnings.

Note: The new appropriated resources do not include the $15 million in the Families First Coronavirus Response Act (FFCRA) (P.L. 116-127), $750.7 million under the Coronavirus Aid, Relief, and Economic Security (CARES) Act (P.L. 116-36), the $509 million provided in the Consolidated Appropriations Act, 2021 (P.L. 116-260), and the $1.86 billion provided by the American Rescue Plan (ARP) (P.L. 117-2). Unobligated balances in FY 2022 and FY 2023 inlcude ARP funding.

Introduction

The Internal Revenue Service (IRS) Fiscal Year (FY) 2023 budget request is $14.1 billion, $2.2 billion (18 percent) more than the FY 2022 Annualized Continuing Resolution (ACR) level of $11.9 billion, to administer the nation's tax system fairly, collect more than $4 trillion in gross taxes to fund the government, and strengthen tax compliance. The Budget comprises initiatives to improve the taxpayer's experience with the IRS, that will ultimately lead to increased voluntary tax compliance. The request also aims to ensure we stay current with the paper inventory and improve telephone and in-person service; facilitate better oversight of high income and corporate tax returns; and accelerate the development of digital tools to enable smarter communication with taxpayers. In addition, the Administration continues to support a multiyear investment in IRS enforcement to increase tax compliance and revenues that the President has previously proposed.

An extensive enforcement program will generate and protect billions in additional revenue while reducing the tax gap. The IRS has an overall enforcement return on investment (ROI) of about $5 for every $1 invested compared to the IRS appropriated budget, excluding significant deterrence effects. Overall, this request proposes new and enhanced strategies for refining how the taxpayer interacts with the IRS by implementing strategies that put taxpayers first, bringing services to underserved communities and providing new and improved online tools for taxpayers to communicate with the IRS easily and quickly.

An appropriate level of funding will allow the IRS to continue enhancing the taxpayer experience, narrowing the tax gap to ensure equitable administration of the tax code, protecting IRS systems and taxpayer data, and modernizing our information technology systems. Taxpayer services is only one component of funding required to serve taxpayers effectively. During the pandemic, for example, the Information Technology (IT) division provided the equipment necessary to allow thousands of IRS customer service representatives to telework, which enabled phone assistance to continue during a period of overwhelming demand while keeping our employees safe.

The IRS dedicates itself to improving the taxpayer experience so that taxpayers and their representatives can understand and meet their tax obligations with minimal burden. The aim is to increase voluntary compliance by simplifying the tax filing, correction, and payment processes. To help achieve this, we will focus on improving education and outreach on taxpayer rights and obligations and enhancing service channels to meet taxpayer needs. In addition to improving the taxpayer experience, another priority is to ensure taxpayers comply with federal tax laws. To this effect we continue to develop innovative approaches to understanding, detecting, and resolving potential noncompliance to maintain taxpayer confidence in the tax system.

The IRS expanded its taxpayer services through proactive outreach efforts to connect with underserved communities such as those with limited English proficiency (LEP), lower-income earners, military, veterans, retired and homeless, among other communities. We engaged hundreds of local and national groups, religious organizations, and numerous others to help contact underserved communities ensuring all eligible recipients could benefit from the Economic Impact Payments and Advance Child Tax Credit. We expanded communication options for LEP communities, such as releasing a Spanish version of Form 1040 and debuting Schedule LEP. In 2021, IRS translated 75-80 percent of the most popular pages on IRS.gov into seven languages.

Expanding our offerings in multiple languages is just one way the IRS is working to enhance the taxpayer experience. Another way is by providing new virtual services and online tools to tax professionals so they can better assist their clients. Enhancing the experience of taxpayers and tax professionals is essential to maintaining a voluntary tax system. Ensuring fair enforcement of the tax laws is just as critical as the services we provide. The IRS makes it possible for the government to perform its vital functions, helping fund the great work of our nation on everything from education to defense.

Though enforcement and taxpayer services efforts continue to expand, the IRS's budget has decreased by approximately 15 percent in real terms since FY 2010. As a result of this decrease in funding, Taxpayer Services FTEs have not increased and Enforcement FTEs have declined by 30 percent from FY 2010 through FY 2021, while real Gross Domestic Product (GDP) has increased by 29 percent (see Figure 1.1). Current staffing levels are close to 1974 levels (see figure 1.2 for the past 12-year history).

Reduced FTEs have crippled tax administration bandwidth and significantly diminished the IRS's ability to:

- Deliver meaningful customer service,
- Maintain sufficient audit coverage of entities and individuals contributing the most to the tax gap,
- Collect taxes taxpayers acknowledge they owe but have not paid,
- Reduce the tax gap through a coordinated effort of both meaningful guidance and enforcement,
- Fund the government, and
- Modernize IT systems and facilities.

Figure 1.1

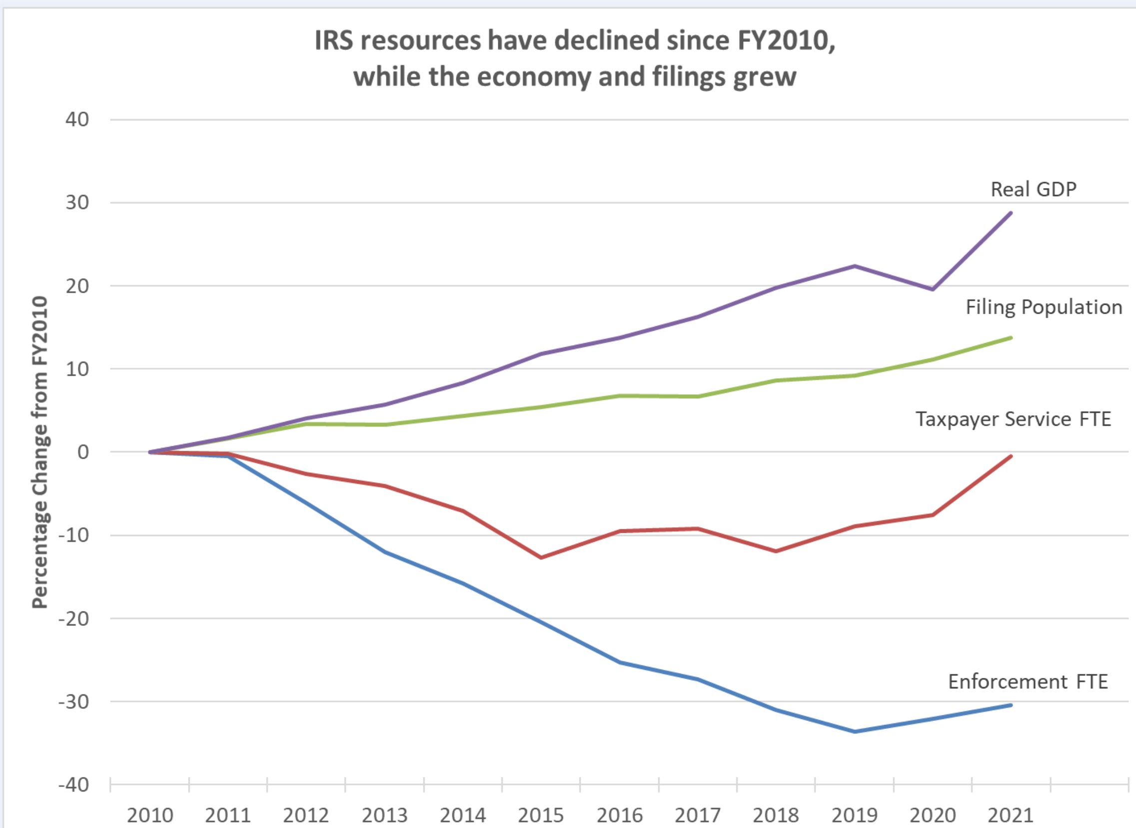
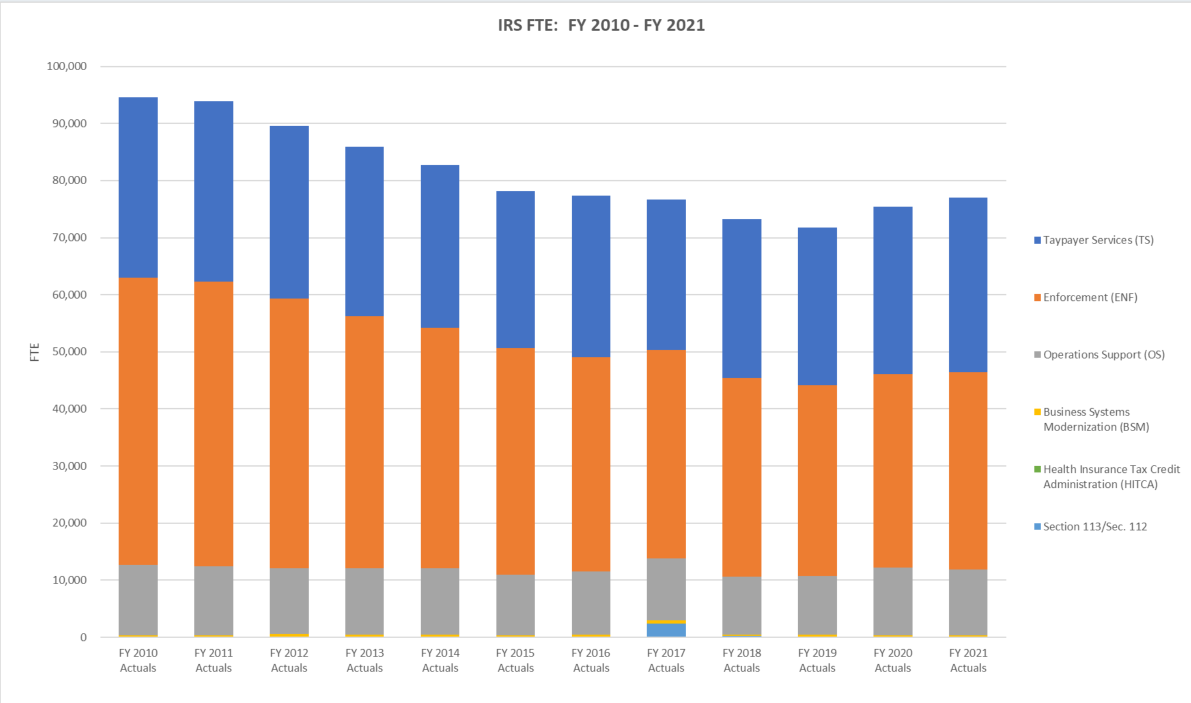


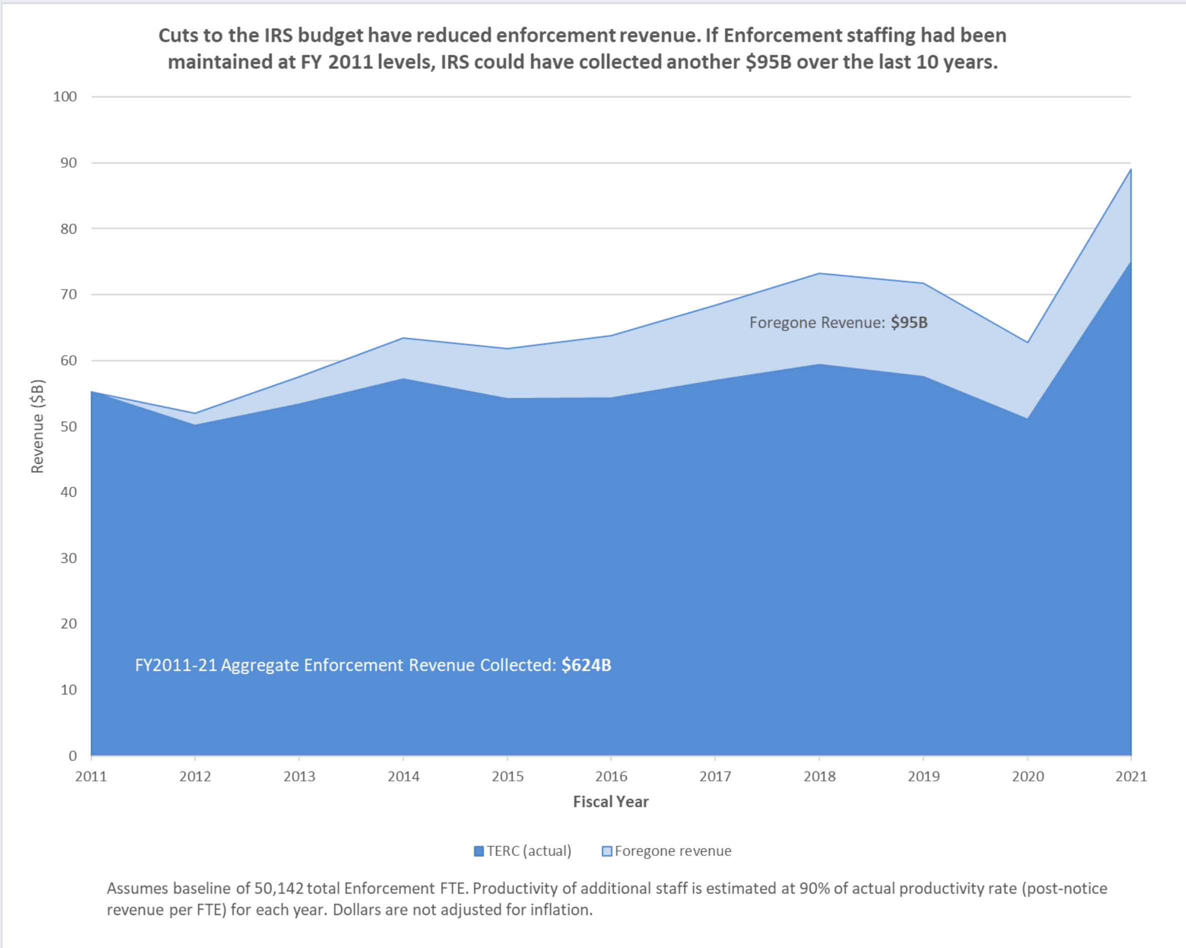
Figure 1.2



Note: FTE shown are funded through IRS annual appropriations as well as through funding provided in administrative provisions and supplemental legislation passed in addition to the annual appropriations. In FY 2020, this includes 2,144 FTE funded through the CARES Act. In FY 2021, this includes 2,933 FTE funded through supplemental appropriations within the Consolidated Appropriations Act, 2021 and the American Rescue Plan.

Reductions to enforcement staffing levels over the last decade factored pointedly into reduced total enforcement revenue collected (TERC) by around $95 billion.

Figure 1.3



While a portion of the unpaid tax obligations that make up the tax gap result from a lack of knowledge or ambiguity and complexity in tax law, willful evasion is a significant contributing factor. The IRS could help remedy this with the funding of a multi-year enforcement initiative, that would include targeted investments in enforcement activities designed to increase revenue and lower the tax gap. The FY 2023 request and legislative proposals provide the IRS with a blueprint to address various facets of the tax gap.

Restructuring IRS Appropriations to Align Support Costs to Mission Costs

With this budget, the Administration proposes a change to the appropriations language that would allow Taxpayer Services and Enforcement funding to be used for certain associated support costs that are currently reserved for Operations Support funding. Currently, Taxpayer Services and Enforcement funding only pays for an employee's labor cost, not the cost to hire the employee or the IT equipment and space needed to make them productive. There are significant benefits to this change – future IRS budgets would reflect the full cost of Taxpayer Services and Enforcement, to include their necessary support costs. The changes would also prompt IRS Business Units to be more efficient with their support costs because they stand to directly benefit from savings.

The IRS proposes using an internal reimbursable agreement process to carry out the proposed funding structure. In FY 2023, rental and Chief Financial Officer (CFO) costs will be reallocated from Operations Support to Taxpayer Services and Enforcement with more costs planned to move out of Operations Support in the future. A total of $710 million will be shifted from Operations Support to Taxpayer Services ($299 million) and Enforcement ($411 million) (see figure 1.4). For additional information, please see section D – Appropriations Language and Explanation of Changes includes a more detailed description and justification of this proposal.

Figure 1.4

		Proposed Adjustments			
Appropriation	**FY 2023 Request**	**Rent**	**CFO**	**Adjustment Total**	**Proposed Funding Levels**
Taxpayer Services	3,385,723	265,830	33,040	298,870	3,684,593
Enforcement	5,861,649	368,613	42,051	410,664	6,272,313
Operations Support	4,543,268	(634,443)	(75,091)	(709,534)	3,833,734
Business Systems Modernization	310,027				310,027
Grand Total	**$14,100,667**	**-**	**-**	**-**	**$14,100,667**

B – Summary of the Request

The IRS is responsible for administering the nation's tax system and meeting the needs of America's taxpayers by helping them understand their tax responsibilities and by enforcing the law with integrity and fairness. The IRS's core operations include collection of individual and corporate taxes, examination of returns, taxpayer assistance, and oversight of tax-exempt organizations, as well as administering multiple refundable tax credits and other specialized programs.

In FY 2021, the IRS collected more than $4 trillion in taxes (gross receipts before tax refunds) and collects nearly all the revenue that supports the federal government's operations. With the U.S. tax base becoming more complex, one of the IRS's key responsibilities is to make it easier for taxpayers to understand and meet their tax obligations.

269M	$4.1T	$1,691	$75.0B
Federal Tax Returns and Forms Processed	Collected in Gross Taxes	Average Individual Refund	Enforcement Revenue Collected

The IRS's FY 2023 budget request is composed of strategic investments that are aligned with the President's Management Agenda, as well as with mission driven efforts that will perpetuate the trajectory of the agency to better serve the taxpayer – warrant an impartial tax system – and lessen the tax gap. The FY 2023 Budget requests a total program increase of $1.3 billion including:

- $320.2 million for continuing the Taxpayer First Act implementation activities;
- $469.3 million for continuing enforcement strategies that ensure a fair tax system;
- $389.1 million for implementing strategies to enhance taxpayer services;
- $78.1 million for building and enhancing IT systems that will improve taxpayer services;
- $39.5 million to enhance and increase IT operations; and
- $10.2 million to establish the Mississippi Delta hiring initiative designed to provide job opportunities for those who live in underdeveloped communities and develop a pipeline of talent.

FY 2023 Budget Request and Priorities

The FY 2023 request is $14.1 billion, $2.2 billion or 18.3 percent more than the FY 2022 ACR of $11.9 billion. The Budget request includes, $12.8 billion in base resources and $1.3 billion in program increases to carry out the IRS mission, including:

- Putting Taxpayers First ($320 million),
- Ensure Fairness of the Tax System ($469 million),
- Enhance Taxpayer Service ($389 million),
- Integrated Modernization Business Plan ($78 million),
- Critical IT Operations ($39 million), and
- Focused Strategies for Reaching Underserved Communities ($10 million).

Appropriation Account (Status Quo)	**($ in Millions)**
Taxpayer Services	$3,385.7
Enforcement	5,861.6
Operations Support	4,543.3
Business Systems Modernization	310.0
Total Appropriated Resources	**$14,100.7**

The following appropriation levels reflect the FY 2023 proposed appropriations language change, outlined in section D, that charges $710 million of support costs that were historically part of Operations Support to Taxpayer Services and Enforcement, for costs associated with rent and the Chief Financial Officer. When considering the proposed request, the appropriation levels for the FY 2023 budget are as follows:

Appropriation Account (with Change)	**($ in Millions)**
Taxpayer Services	$3,684.6
Enforcement	6,272.3
Operations Support	3,833.7
Business Systems Modernization	310.0
Total Appropriated Resources	**$14,100.7**

1.2 – Budget Adjustments Table

Dollars in thousands

Bureau: Internal Revenue Service Summary of Proposed FY 2023 Request	FTE	Amount
FY 2022 Annualized CR (ACR)	**75,533**	**$11,919,054**
Changes to Base:		
Maintaining Current Levels (MCLs)		**$436,363**
Pay Annualization (2.7% average pay raise)		62,546
Pay Raise (4.6% average pay raise)		321,837
Non-Pay		51,980
Base Adjustment	**1,183**	**$438,882**
Adjustment to Reach Current Operating Levels	1,183	438,882
Subtotal FY 2023 Changes to Base	**1,183**	**$875,245**
FY 2023 Current Services	**76,716**	**$12,794,299**
Program Changes:		
Program Increases		
Putting Taxpayers First	573	320,170
User Authentication		81,000
Taxpayer Experience Strategy	573	239,170
Ensure Fairness of the Tax System	2,513	469,253
Enhance Taxpayer Service	3,858	389,112
Integrated Modernization Business Plan	104	78,143
Critical IT Operations	36	39,521
Focused Strategies for Reaching Underserved Communities	7	10,169
Subtotal FY 2023 Program Increases	**7,091**	**$1,306,368**
Total FY 2023 Budget Request	**83,807**	**$14,100,667**

See footnotes in 1.1 -- Appropriations Detail Table

This table does not include the proposed technical adjustment that would move certain support activities from Operation Support and charge the full cost of certain mission activities to the Taxpayer Services and Enforcement appropriations. The adjustment would reduce the Operation Support appropriation by $709.5 million for rent and CFO adjustments and increase the Taxpayer Services appropriation by $298.9 million and the Enforcement appropriation by $410.7 million.

C – Base Adjustment and Program Changes Description

Maintaining Current Levels…………………………….……………………………………………. +$436,363,000 / 0 FTE

Pay Annualization (2.7%) +$62,546,000 / 0 FTE

Funds are requested for annualization of the January 2022 2.7 percent average pay raise.

Pay Raise (4.6%) +$321,837,000 / 0 FTE

Funds are requested for a 4.6 percent average pay raise in January 2023.

Non-Pay +$51,980,000 / 0 FTE

Funds are requested for non-labor expenses such as travel, contracts, rent, supplies, and equipment.

Base Adjustment…………………………………………………………………….………+$438,882,000 / +1,183 FTE

The FY 2023 base begins at the FY 2022 ACR level of $11.9 billion. In addition to $436 million to maintain current staffing levels, the base was adjusted by $439 million dollars to reach current operating funding levels.

Program Increases ……….…………………….……..…………………………………. +$1,306,368,000 / +7,091 FTE

Collectively the following proposed FY 2023 investments total **$390,808,000 with 1,832 FTE**; the remaining $915,560,000 with 5,259 FTE is made up of the carried over FY 2022 investments – which are displayed in the Program Increase Table below and discussed in section 4.2.

Bureau: Internal Revenue Service Summary of FY 2023 Request	TAXPAYER SERVICES		ENFORCEMENT		OPERATIONS SUPPORT		BSM		TOTAL	
	$000	FTE	$000	FTE	$000	FTE	$000	FTE	$000	FTE
FY 2023 Program Increases:										
Putting Taxpayers First	83,575	138	15,461	55	42,082	86			141,118	279
User Authentication	*54,000*								*54,000*	
Taxpayer Experience Strategy	*29,575*	*138*	*15,461*	*55*	*42,082*	*86*			*87,118*	*279*
Ensure Fairness of the Tax System										
Enhance Taxpayer Service	156,000	1,510			44,000				200,000	1,510
Critical IT Operations					39,521	36			39,521	36
Focused Strategies for Reaching Underserved Communities					10,169	7			10,169	7
Subtotal FY 2023 Program Increases	**$239,575**	**1,648**	**$15,461**	**55**	**$135,772**	**129**			**$390,808**	**1,832**
FY 2022 Program Increases:										
Putting Taxpayers First	40,036	54	38,870	97	100,146	143			179,052	294
User Authentication	*27,000*								*27,000*	
Taxpayer Experience Strategy	*13,036*	*54*	*38,870*	*97*	*100,146*	*143*			*152,052*	*294*
Ensure Fairness of the Tax System			370,857	2,493	98,396	20			469,253	2,513
Enhance Taxpayer Service	148,167	2,348			40,945				189,112	2,348
Integrated Modernization Business Plan							78,143	104	78,143	104
Subtotal FY 2022 Program Increases	**$188,203**	**2,402**	**$409,727**	**2,590**	**$239,487**	**163**	**$78,143**	**104**	**$915,560**	**5,259**
Total FY 2023 Program Increases	**$427,778**	**4,050**	**$425,188**	**2,645**	**$375,259**	**292**	**$78,143**	**104**	**$1,306,368**	**7,091**

Putting Taxpayers First +$141,118,000 / +279 FTE

Position Type/Other Costs	FTE	Positions	$000
User Authentication			**$54,000**
Contract Services			54,000
Proactive Outreach and Education	**102**	**204**	**$34,439**
Revenue Agent	24	48	4,785
Attorney	13	26	2,316
Other	65	130	11,126
Contract Services			16,212
Focused Strategies for Reaching Underserved Communities	**61**	**122**	**$17,119**
Other	61	122	8,119
Contract Services			9,000
Taxpayer Experience Office	**67**	**134**	**$15,484**
Other	67	134	15,484
Human Resources Support	**49**	**98**	**20,076**
Other	49	98	20,076
Total	**279**	**558**	**$141,118**

Public Law 116-25, The Taxpayer First Act (TFA), requires the IRS to develop and implement a Taxpayer Experience Strategy (TXS) to improve the American taxpayer's experience with the IRS. To fulfill the TXS requirement, the IRS's Taxpayer First Act Office (TFAO), in partnership with key internal and external stakeholders and subject matter experts, identified certain areas of focus to inform the development and implementation of the TFA TXS. The FY 2023 funding concentrates on:

- Expanding an application to protect taxpayers' personally identifiable information,

- Expanding strategies that increase the IRS's outreach and taxpayer education efforts,
- Developing strategies to reach underserved communities, and
- Providing human resources support for implementing the TFA.

User Authentication +$54,000,000 / 0 FTE

Section 2304 of the TFA requires the IRS to verify the identity of any individual opening an IRS online account before such individual can use online applications, including online tools for tax professionals. IRS will utilize the services of a third-party vendor, which charges for each new taxpayer who signs up for an IRS online account. Funding will provide authentication services for approximately 15 million estimated additional taxpayers who will sign up for online services such as applying for an identity protection PIN, obtaining a transcript, viewing account information, entering into an Online Payment Agreement, and functionalities of the Tax Pro Account application.

Proactive Outreach and Education +$34,439,000 / +102 FTE

The optimal taxpayer experience is for taxpayers to have all the information they need to comply with their tax obligations without expending any additional effort. To optimize the impact of an enhanced taxpayer experience, improved outreach, and a better understanding by taxpayers of their obligations is foundational. Building out a system of Proactive Outreach and Education will allow the IRS to use various channels, languages, and personalized messaging to reach taxpayers at the right time through the right format. Equipping taxpayers with this information proactively minimizes the likelihood of them having to contact the IRS, freeing up IRS resources to address other taxpayer needs. Educating taxpayers will increase confidence in the agency, enable them to meet tax obligations, and enable the IRS to better anticipate and respond to taxpayer needs. The following are highlights of what will be accomplished with funding:

- Provide taxpayers with updates through their online accounts or push information to their mobile devices. This will include information on how to open online accounts and increasing usage of self-service digital options;
- Deliver information and education through additional social media platforms:
  - Capture data and analytics from platforms to understand demographic profiles;
  - Apply emerging technology that customizes messaging to the right taxpayer groups through their optimal platform at the right time;
- Issue simplified and improved notices;
- Analyze data to determine language translations needed for social media; and
- Use evidence-based approaches to design easy to understand plain language communications.

Focused Strategies for Reaching Underserved Communities +$17,119,000 / +61 FTE

The IRS leverages outreach relationships through two grant programs with local and national partners to educate and inform taxpayers about meeting their tax obligation. The Volunteer Income Tax Assistance (VITA) program provides underserved communities with free tax filing assistance and aids low-to-moderate-income taxpayers who cannot prepare their own tax returns, including the elderly, persons with disabilities, and those with limited English proficiency. The Tax Counseling for the Elderly Program (TCE) offers free tax counseling and assistance to elderly individuals (60 or older) in preparing their federal income tax returns. Additional funding will further expand IRS outreach and tax assistance services along with resources to address projected program staffing needs and support anticipated partner cultivation and growth of the two grant programs.

Taxpayer Experience Office (TXO) +$15,484,000 / +67 FTE

In the Taxpayer First Act Report to Congress, the IRS identified as part of its key organizational structure the establishment of a new office designed to improve taxpayer experiences with the IRS. The Taxpayer Experience Office (TXO) drives strategic direction for improving the taxpayer experience across the IRS and helps ensure a consistent voice and experience across all taxpayer segments by developing agency-wide guidelines and expectations. Collaborating with peers across the entire agency, this office promotes an enterprise-level holistic view of the taxpayer experience with teams of experts in the areas of customer experience, research, behavioral analytics, human-centered design, and service delivery. The TXO provides IRS organizational units with information on industry trends and ways to apply customer service best practices within the framework of IRS operations and federal limitations.

Human Resources Support +$20,076,000 / +49 FTE

Funding for this initiative will continue the implementation of a service-wide training strategy, as required in section 2402 of the TFA. Key areas of this strategy will focus on organizational awareness, career paths, people first training, employee online forums, organizational liaisons, internal concierge service, and enhanced training technologies. Resources are also required to coordinate IRS-wide efforts for recruiting, hiring, onboarding, enabling, and training new employees to efficiently focus on large business, high-income and high-wealth taxpayers, partnerships, abusive crypto-currency transactions, and promoter-related examinations. Funding is requested to identify resource gaps, assess, and improve the way the IRS selects qualified individuals, and develop an integrated approach to hiring, recruitment, and training. Onboarding employees who have technical expertise in these areas will be critical. The IRS will also create a Center of Excellence for employee development that will be available to the Department as a shared service.

Enhance Taxpayer Service +$200,000,000 / +1,510 FTE

Position Type/Other Costs	FTE	Positions	$000
Increase Telephone Level of Service	**1,510**	**1,520**	**$200,000**
Customer Service Rep	1,500	1,500	172,800
Manager	10	20	2,487
Contractual Services/ IT			24,713
Total	**1,510**	**1,520**	**$200,000**

This investment will allow the IRS to increase the telephone level of service (LOS) to 85 percent assuming phone demand returns to pre-pandemic levels and the IRS can provide in-person services at pre-pandemic levels. This investment will build on the IRS's efforts to improve telephone services for underserved communities such as those who are deaf or hard of hearing, LEP communities, and victims of tax related identity theft. During the 2021 filing season, the IRS's level of service fell short of its targets because of the Coronavirus (COVID-19) pandemic and legislation aimed at providing relief that resulted in massively increased demand for the toll-free lines. Individual and Business taxpayer telephone demand increased by 456 percent and 244 percent, respectively during the 2021 filing season. In FY 2021, the number of taxpayers calling to schedule appointments at Taxpayer Assistance Centers (TACs) was 3.9 million above the same period in the prior year.

In addition to expanding LOS for underserved communities, funding for this initiative will improve the way taxpayers interact with IRS by enhancing and expanding the range of modern, digital tools provided by IRS to deliver a service experience comparable to those available in the private sector. By empowering taxpayers to address certain needs without requiring live assistance, development of these tools is essential to IRS's long-term success in satisfying taxpayer expectations and meeting the ongoing growth in demand for assistance. These resources will enable IRS to address strategic service needs, such as:

- Expanding the features of individual Online Account to provide more personalized content and the ability to update and store information used for key activities like alerts, payments and estimating withholding;
- Developing a robust Business Online Account to provide business taxpayers (and their representatives) an integrated online account experience that enables them to securely manage and fulfill their federal tax obligations;
- Providing critical electronic payment capabilities in light of the planned decommissioning of Direct Pay and the Electronic Federal Tax Payments System (EFTPS); and
- Making improvements to IRS.gov to provide a modern and consistent experience that provides taxpayers the information they need in a timely, searchable, and mobile-adaptive environment.

Critical Information Technology Operations +$39,521,000 / +36 FTE

Position Type/Other Costs	FTE	Positions	$000
IT Specialist	36	72	7,031
Contractual Services			32,490
Total	**36**	**72**	**$ 39,521**

The IRS continues to transform its technological landscape and has made progress on its modernization journey to provide taxpayers with a seamless customer experience, while empowering employees with the tools and systems needed to provide top quality services and enforce tax law. These successes have increased the need to sustain critical IT operations to maintain optimum network performance and functionality. The IRS continues to deploy and incorporate new, modernized tools for taxpayers, tax professionals, and employees. Taxpayer service improvements (additional digital services, real-time account information, etc.), enterprise efficiency advances (automation, artificial intelligence, machine learning, etc.) and new employee tools (case management, collaboration, learning platforms, etc.) all require additional bandwidth to sustain a high volume of users processing digitalized capabilities.

Economic Development in Underserved Communities +$10,169,000 / +7 FTE

Position Type/Other Costs	FTE	Positions	$000
Analyst	7	14	7,640
Contractual Services			2,529
Total	**7**	**14**	**$ 10,169**

The IRS will cultivate new opportunities for adults and students in underserved communities by partnering with state labor and human services officials to identify talent and design training programs for adult candidates. Additionally, the IRS will develop a talent pipeline by partnering with colleges, universities (with a special focus on Historically Black Colleges and Universities and other minority servicing institutions) and high schools to design training programs to prepare participants for IRS careers. These partnerships will foster equitable economic growth, establish long-term federal employment options, and develop a continual stream of talent suited to further enhance the taxpayer experience and support the IRS mission. As a first step, the IRS plans to create a center in the Mississippi Delta Region, which currently has the highest rate of poverty in the United States, excluding the U.S. Territories.

1.3 – Object Classification (Schedule O) Obligations

Dollars in thousands

Internal Revenue Service Object Classification	FY 2021 Operating Plan	FY 2022 Annualized CR	FY 2023 Request
11.1 Full-Time Permanent Positions	6,106,908	6,264,496	7,105,375
11.3 Other than Full-Time Permanent Positions	86,008	93,663	98,308
11.5 Other Personnel Compensation	301,867	336,242	372,976
11.8 Special Personal Services Payments	29,681	30,239	49,677
11.9 Personnel Compensation (Total)	**6,524,464**	**6,724,640**	**7,626,336**
12.1 Personnel Benefits	2,400,621	2,527,702	2,881,499
13.0 Benefits to Former Personnel	20,240	13,728	14,297
Total Personnel and Compensation Benefits	**$8,945,325**	**$9,266,070**	**$10,522,132**
21.0 Travel	69,038	75,642	141,505
22.0 Transportation of Things	23,288	23,568	37,972
23.1 Rental Payments to GSA	579,736	609,019	634,381
23.2 Rent Payments to Others	7,196	280	306
23.3 Communications, Utilities, & Misc.	317,043	298,292	346,087
24.0 Printing & Reproduction	32,307	32,421	36,108
25.1 Advisory & Assistance Services	1,021,157	695,468	1,139,330
25.2 Other Services	89,204	91,615	170,157
25.3 Purchase of Goods & Services from Govt. Accounts	155,815	172,736	194,947
25.4 Operation & Maintenance of Facilities	199,042	202,780	223,733
25.5 Research & Development Contracts			
25.6 Medical Care	15,097	17,724	44,877
25.7 Operation & Maintenance of Equipment	70,123	46,150	62,282
25.8 Subsistence & Support of Persons			
26.0 Supplies and Materials	32,281	28,408	34,462
31.0 Equipment	269,122	249,320	362,726
32.0 Land and Structures	32,645	45,987	76,858
33.0 Investments & Loans			
41.0 Grants, Subsidies	54,000	54,000	63,000
42.0 Insurance Claims & Indemnities	2,135	2,074	2,115
43.0 Interest and Dividends			
44.0 Refunds			
91.0 Unvouchered	4,500	7,500	7,690
Total Non-Personnel	**$2,973,729**	**$2,652,984**	**$3,578,535**
New Appropriated Resources	**$11,919,054**	**$11,919,054**	**$14,100,667**
Appropriations:			
Taxpayer Services	2,587,606	2,763,606	3,385,723
Enforcement	5,004,622	5,004,622	5,861,649
Operations Support	4,104,102	3,928,102	4,543,268
Business Systems Modernization	222,724	222,724	310,027
New Appropriated Resources	**$11,919,054**	**$11,919,054**	**$14,100,667**
FTE	**73,409**	**75,533**	**83,807**

See footnotes in 1.1 -- Appropriations Detail Table

Note 1: This table does not include the proposed technical adjustment that would move certain support activities from Operations Support and charge the full cost of certain mission activities to the Taxpayer Services and Enforcement appropriations. The adjustment would reduce the Operations Support appropriation by $709.5 million for rent and CFO adjustments and increase the Taxpayer Services appropriation by $298.9 million and the Enforcement appropriation by $410.7 million.

Note 2: This table does not include the $15 million in the Families First Coronavirus Response Act (FFCRA) (P.L. 116-127), $750.7 million under the Coronavirus Aid, Relief, and Economic Security (CARES) Act (P.L. 116-36), the $509 million provided in the Consolidated Appropriations Act, 2021 (P.L. 116-260), the $1.86 billion provided by the American Rescue Plan (ARP) (P.L. 117-2)

D – Appropriations Language and Explanation of Changes

Appropriations Language	Explanation of Changes
TAXPAYER SERVICES	
For necessary expenses of the Internal Revenue Service to provide taxpayer services, including pre-filing assistance and education, filing and account services, taxpayer advocacy services, associated support costs, and other services as authorized by 5 U.S.C. 3109, at such rates as may be determined by the Commissioner, $3,684,593,000; of which not to exceed $100,000,000 shall remain available until September 30, 2024; of which not less than $11,000,000 shall be for the Tax Counseling for the Elderly Program; of which not less than $26,000,000 shall be available for low-income taxpayer clinic grants, including grants to individual clinics of up to $200,000; of which not less than $30,000,000, to remain available until September 30, 2024, shall be available for the Community Volunteer Income Tax Assistance Matching Grants Program for tax return preparation assistance; and of which not less than $235,000,000 shall be available for operating expenses of the Taxpayer Advocate Service: Provided, That of the amounts made available for the Taxpayer Advocate Service, not less than $5,500,000 shall be for identity theft and refund fraud casework. Note.—A full-year 2022 appropriation for this account was not enacted at the time the budget was prepared; therefore, the budget assumes this account is operating under the Continuing Appropriations Act, 2022 (Division A of P.L. 117–43, as amended). The amounts included for 2022 reflect the annualized level provided by the continuing resolution.	Adding "associated support costs" would allow the IRS to reallocate service-related support costs from Operations Support to Taxpayer Services, to ensure that Taxpayer Services reflects the full cost of delivering mission critical activities. See the following section titled Restructuring IRS Appropriations to Align Support Costs to Mission Costs, on page IRS-25, for more information regarding this proposal. Allowing $100,000,000 to remain available until September 30, 2024, in the Taxpayer Services account provides IRS with needed relief in the event that IRS is not successful in hiring thousands of employees in extremely tight labor markets where IRS has campus facilities.
ENFORCEMENT	
For necessary expenses for tax enforcement activities of the Internal Revenue Service to determine and collect owed taxes, to provide legal and litigation support, to conduct criminal investigations, to enforce criminal statutes related to violations of internal revenue laws and other financial crimes, to purchase and hire passenger motor vehicles (31 U.S.C. 1343(b)), associated support costs, and to provide	Adding "associated support costs" would allow the IRS to reallocate service-related support costs from Operations Support to Enforcement, to ensure that Enforcement reflects the full cost of delivering mission critical activities. See the following section titled Restructuring IRS Appropriations to Align Support Costs to Mission Costs, on page IRS-25, for more information regarding this proposal.

other services as authorized by 5 U.S.C. 3109, at such rates as may be determined by the Commissioner, $6,272,313,000; of which not to exceed $250,000,000 shall remain available until September 30, 2024; of which not less than $60,257,000 shall be for the Interagency Crime and Drug Enforcement program; and of which not to exceed $21,000,000 shall be for investigative technology for the Criminal Investigation Division: Provided, That the amount made available for investigative technology for the Criminal Investigation Division shall be in addition to amounts made available for the Criminal Investigation Division under the "Operations Support" heading. Note.—A full-year 2022 appropriation for this account was not enacted at the time the budget was prepared; therefore, the budget assumes this account is operating under the Continuing Appropriations Act, 2022 (Division A of P.L. 117–43, as amended). The amounts included for 2022 reflect the annualized level provided by the continuing resolution.	
OPERATIONS SUPPORT	
For necessary expenses to operate the Internal Revenue Service, including headquarters; the hire of passenger motor vehicles (31 U.S.C. 1343(b)); the operations of the Internal Revenue Service Oversight Board; and other services as authorized by 5 U.S.C. 3109, at such rates as may be determined by the Commissioner; $3,833,734,000; of which not to exceed $275,000,000 shall remain available until September 30, 2024; of which not to exceed $10,000,000 shall remain available until expended for acquisition of equipment and construction, repair and renovation of facilities; of which not to exceed $1,000,000 shall remain available until September 30, 2025, for research; and of which not to exceed $20,000 shall be for official reception and representation expenses: Provided, That not later than 30 days after the end of each quarter, the Internal Revenue Service shall submit a report to the Committees on Appropriations of the House of Representatives and the Senate and the Comptroller General of the United States detailing major information technology investments in the Internal Revenue Service Integrated Modernization Business Plan portfolio, including detailed, plain language summaries on the status of plans, costs, and results; prior results and actual	The administration proposes editing the following verbiage from the Operations Support language: *For necessary expenses to operate the Internal Revenue Service, including; headquarters* This change would allow the IRS to reallocate service-related support costs from Operations Support to the mission-specific appropriations, Taxpayer Services or Enforcement, to reflect the full cost of delivering mission critical activities in those taxpayer-facing accounts. See the following section titled Restructuring IRS Appropriations to Align Support Costs to Mission Costs, on page IRS-25, for more information regarding this proposal. The administration proposes to remove the following statement [from the IRS FY 2023 Operations Support language]: "*of which not less than $10,000,000, to remain available until expended, shall be available for establishment of an application through which entities registering and renewing registrations in the System for Award Management may request an authenticated electronic certification stating that the entity does or does not have a seriously delinquent tax debt,*". With the FY 2022 enacted budget, the IRS has received $30,000,000 of

expenditures of the prior quarter; upcoming deliverables and costs for the fiscal year; risks and mitigation strategies associated with ongoing work; reasons for any cost or schedule variances; and total expenditures by fiscal year: Provided further, That the Internal Revenue Service shall include, in its budget justification for fiscal year 2024, a summary of cost and schedule performance information for its major information technology systems. Note.—A full-year 2022 appropriation for this account was not enacted at the time the budget was prepared; therefore, the budget assumes this account is operating under the Continuing Appropriations Act, 2022 (Division A of P.L. 117–43, as amended). The amounts included for 2022 reflect the annualized level provided by the continuing resolution. *BUSINESS SYSTEMS MODERNIZATION* *For necessary expenses of the Internal Revenue Service's business systems modernization program, $310,027,000, to remain available until September 30, 2025, for the capital asset acquisition of information technology systems, including management and related contractual costs of said acquisitions, including related Internal Revenue Service labor costs, and contractual costs associated with operations authorized by 5 U.S.C. 3109: Provided, That not later than 30 days after the end of each quarter, the Internal Revenue Service shall submit a report to the Committees on Appropriations of the House of Representatives and the Senate and the Comptroller General of the United States detailing major information technology investments in the Internal Revenue Service Integrated Modernization Business Plan portfolio, including detailed, plain language summaries on the status of plans, costs, and results; prior results and actual expenditures of the prior quarter; upcoming deliverables and costs for the fiscal year; risks and mitigation strategies associated with ongoing work; reasons for any cost or schedule variances; and total expenditures by fiscal year.* Note.—A full-year 2022 appropriation for this account was not enacted at the time the budget was prepared; therefore, the budget assumes this account is operating under the Continuing Appropriations Act, 2022 (Division A of P.L. 117–43, as amended). The amounts included for 2022	no year funds earmarked for this effort from since FY 2020. The IRS is committed to completing this project and will use those earmarked funds to complete it. If funding needs arise beyond those available funds, the IRS would use current year funds to complete the project.

reflect the annualized level provided by the continuing resolution. ADMINISTRATIVE PROVISIONS-INTERNAL REVENUE SERVICE (INCLUDING TRANSFER OF FUNDS)	
SEC. 101. Not to exceed 4 percent of the appropriation made available in this Act to the Internal Revenue Service under the "Enforcement" heading, and not to exceed 5 percent of any other appropriation made available in this Act to the Internal Revenue Service, may be transferred to any other Internal Revenue Service appropriation upon advance notice to the Committees on Appropriations of the House of Representatives and the Senate: Provided, That an additional 2 percent of the appropriation made available in this Act to the Internal Revenue Service under the "Enforcement" heading may be transferred to the appropriation made available in this Act to the Internal Revenue Service under the "Taxpayer Services" heading upon advance notice to the Committees on Appropriations of the House of Representatives and the Senate. *SEC. 102. The Internal Revenue Service shall maintain an employee training program, which shall include the following topics: taxpayers' rights, dealing courteously with taxpayers, cross-cultural relations, ethics, and the impartial application of tax law.* *SEC. 103. The Internal Revenue Service shall institute and enforce policies and procedures that will safeguard the confidentiality of taxpayer information and protect taxpayers against identity theft.* *SEC. 104. Funds made available by this or any other Act to the Internal Revenue Service shall be available for improved facilities and increased staffing to provide sufficient and effective 1–800 help line service for taxpayers. The Commissioner shall continue to make improvements to the Internal Revenue Service 1–800 help line service a priority and allocate resources necessary to enhance the response time to taxpayer communications, particularly with regard to victims of tax-related crimes.* *SEC. 105. The Internal Revenue Service shall issue a notice of confirmation of any address change relating to an*	This change will allow IRS to transfer up to 6 percent into the Taxpayer Services account from Enforcement in case this flexibility is still needed in FY 2023 to address inventory issues, while still retaining the existing 4 percent transfer authority out of Enforcement to the Operations Support or BSM accounts, and the existing 5 percent transfer authority out of any of the other accounts.

employer making employment tax payments, and such notice shall be sent to both the employer's former and new address and an officer or employee of the Internal Revenue Service shall give special consideration to an offer-in-compromise from a taxpayer who has been the victim of fraud by a third-party payroll tax preparer. *SEC. 106. None of the funds made available under this Act may be used by the Internal Revenue Service to target citizens of the United States for exercising any right guaranteed under the First Amendment to the Constitution of the United States.* *SEC. 107. None of the funds made available in this Act may be used by the Internal Revenue Service to target groups for regulatory scrutiny based on their ideological beliefs.* *SEC. 108. None of funds made available by this Act to the Internal Revenue Service shall be obligated or expended on conferences that do not adhere to the procedures, verification processes, documentation requirements, and policies issued by the Chief Financial Officer, Human Capital Office, and Agency-Wide Shared Services as a result of the recommendations in the report published on May 31, 2013, by the Treasury Inspector General for Tax Administration entitled "Review of the August 2010 Small Business/Self-Employed Division's Conference in Anaheim, California" (Reference Number 2013–10–037).* *SEC. 109. None of the funds made available in this Act to the Internal Revenue Service may be obligated or expended— (1) to make a payment to any employee under a bonus, award, or recognition program; or (2) under any hiring or personnel selection process with respect to re-hiring a former employee; unless such program or process takes into account the conduct and Federal tax compliance of such employee or former employee.* *SEC. 110. None of the funds made available by this Act may be used in contravention of section 6103 of the Internal Revenue Code of 1986 (relating to confidentiality and disclosure of returns and return information).* *SEC. 111. Notwithstanding any Congressional notification requirements for a reprogramming of funds in this Act,*	

funds provided in this Act for the Internal Revenue Service shall be available for obligation and expenditure through a reprogramming of funds that augments or reduces existing programs, projects, or activities by up to $10,000,000 without prior Congressional notification of such action.	

Structural Changes to IRS Appropriations to Improve Mission Delivery and Transparency

With this Budget, the Administration proposes structural changes to IRS appropriations that would align the IRS funding for support activities with mission delivery activities. The current appropriations language segments many support activities into Operations Support. The Operation Support appropriation language specifies it must be used to fund support costs such as:

… rent payments; facilities services; printing; postage; physical security; headquarters and other IRS-wide administration activities; research and statistics of income; telecommunications; information technology development, enhancement, operations, maintenance, and security …

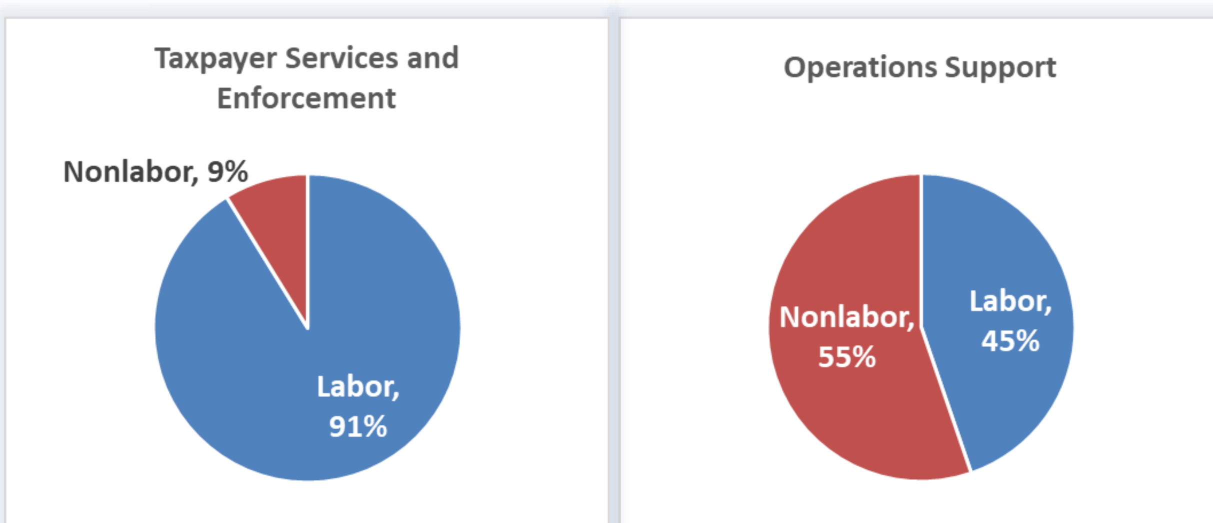
By separating funding for these activities from the mission activities that they support, this structure obscures the full cost of delivering the IRS mission. The administration proposes a multi-year process to shift activities from Operations Support into the mission appropriations, so the IRS budget better reflects the full cost of its mission programs. This shift in resources would improve full-cost transparency, mission delivery and long-term accountability.

Challenges

The Operations Support account currently funds multiple activities that directly contribute to and ensure that IRS personnel funded in Enforcement and Taxpayer Service accounts can execute their missions. For example, while revenue agent salaries are funded in the Enforcement account, the facilities (and the resulting rent and physical security) and the computer equipment and systems that the agents use to conduct their work are funded in the Operations Support account. The Program Integrity Allocation Adjustment (PIAA), like similar proposals included in previous budgets provides an illustrative example – its mission is solely focused on tax law enforcement, but a third of its funds were needed in the Operations Support appropriation. Aligning these support costs in the mission appropriation would better reflect the full cost of those mission programs – providing improved transparency.

The effect of the current language as written is that Taxpayer Services and Enforcement fund mostly salaries and benefits, while Operations Support funds most other costs. This distortion is apparent when comparing the relative amounts of IRS labor and nonlabor in Taxpayer Services and Enforcement (91 percent labor) to Operations Support (45 percent labor) in this budget.

Figure 1.5



The separation between IRS labor and its associated, often non-labor, support complicates efficiency tradeoffs and creates prioritization challenges. For example, the IRS must prioritize Operations Support funding for IT investment requests coming from different business units. If the funding of these activities came from the business units' appropriations, which is a long-term goal of this project, they could potentially contribute from their own funding – allowing business units to invest in IT to deliver on their mission.

The reimagined IRS under the Taxpayer First Act calls for modernization and technology enhancements to advance the IRS into the 21st century with more user-friendly electronic interactions, secure digital accounts, and self-service options. This mandate continues the growth trend of IT, currently funded exclusively by Operations Support and Business Systems Modernization (BSM), even as IT becomes increasingly intertwined with IRS operations. The costs of maintaining aged information systems, complying with cybersecurity mandates, and implementing other mandates, drive further growth.

Orienting funding by mission appropriation would also improve business unit leaders' ability to allocate resources to their highest priority needs. It would improve the alignment between performance metrics for the units and their funding. By making business unit leaders directly responsible for the funding, and by extension the performance of their programs, these changes make leaders more accountable to Congress and the American public.

Remedy

To address this problem, the administration proposes changes to its appropriations language and an attendant shift between appropriations. The specified appropriation language changes would allow IRS to fund certain support activities from Taxpayer Services and Enforcement appropriations using cost pools. Cost pools would be created using IRS internal reimbursable arrangements. For FY 2023, the Administration proposes to implement the capability by funding Rent and CFO Services from the mission appropriations. We expect the change would result in more efficient use of IRS resources and constitute progress towards implementing cost pools for additional support activities, including IT.

		Proposed Changes		
Budget Activity	**FY 2023 Request**	**Rent**	**CFO**	**Proposed Funding**
Pre-Filing Taxpayer Assistance & Education	804	56	7	867
Filing & Account Services	2,582	210	26	2,818
Taxpayer Services	**3,386**	**266**	**33**	**3,685**
Investigations	785	50	4	839
Exam & Collections	4,883	308	37	5,228
Regulatory	193	11	1	205
Enforcement	**5,861**	**369**	**42**	**6,272**
Infrastructure	1,040	(635)	-	405
Shared Services & Support	1,200	-	(75)	1,125
Information Services	2,304	-	-	2,304
Operations Support	**4,544**	**(635)**	**(75)**	**3,834**
Business Systems Modernization	310	-	-	310
Business Systems Modernization	**310**	**-**	**-**	**310**
Grand Total	**14,101**	**-**	**-**	**14,101**

Implementing cost pools for IT, a future goal for this effort, would allow IRS leaders to make tradeoff decisions to fund key technology enhancements. Such enhancements would allow the IRS to accomplish its mission to provide American taxpayers with top quality service in understanding and meeting their tax responsibilities and to apply the tax law with integrity and fairness for all. For example, an Enforcement activity could deploy IT robotic process automation to reduce its time to close a case by providing its own enforcement funds to IT to fund the automation effort. Currently, such an innovation would have to be prioritized with all other Operation Support costs.

Incremental Transition

The IRS plans and proposes to incrementally transition from its current structure to the new, full-cost focused mission appropriations and a significantly reduced Operations Support appropriation over the next three years. This gradual transition would provide time to test associated business processes, such as assigning or allocating shared costs from multiple business units to cost pools and implement updates to the accounting system before requesting additional funding shifts from Operations Support. Activities are currently expected to include:

- Information Technology,
- Communications,
- Facilities Management,
- Human Capital Organization,
- Enterprise Change and Innovation,
- Procurement,
- Chief Financial Officer,
- Printing and Postage, and
- Other shared services.

While much is expected to be shifted, the IRS requests to retain the Operations Support appropriation to fund certain support activities, such as the National Headquarters costs incurred for IRS leadership.

With the noted appropriation changes, the IRS is targeting to shift the full costs of the missions to their respective appropriation by FY 2025. To accomplish this, the IRS plans to shift more functions and funds from the Operations Support appropriation to the Taxpayer Service and Enforcement appropriations going forward.

E – Legislative Proposals

For information on the FY 2023 revenue legislative proposals, please follow this link: https://home.treasury.gov/policy-issues/tax-policy/revenue-proposals

Reduce Paperwork Burden by Permanently Authorizing Current Home to Work Transportation for the IRS Commissioner

The IRS requests that the IRS Commissioner position be permanently added to 31 U.S.C. § 1344(b)(6) as one of the government officials authorized home-to-work transportation. The IRS Criminal Investigations unit completed an extensive assessment of the Commissioner's threat environment and has classified the threat status as high.
PROPOSAL:

Amend Title 31 U.S.C. § 1344(b)(6) to include "the Commissioner of Internal Revenue" as a federal executive with authorization for passenger carrier transportation between residence and place of employment.

REASONS FOR CHANGE:

As head of one of the most controversial organizations in the Federal government, the Commissioner is the "face of the IRS" and a frequent fixture in national media. Historically, Commissioners average multiple formidable threats per year directed at them and their family members, including threats of assassination. The internet has allowed anyone with a web browser to access personal information of government officials, including photos and home addresses. Instances of individuals phoning, mailing, or visiting a Commissioner's residence, including the current Commissioner, are common and well documented.

Dignitary protection experts have long recognized the vulnerability of protected individuals who are engaged in predictable activities, such as commuting to/from the workplace and for many years IRS Criminal Investigation Division (CI) has consistently provided transportation for the IRS Commissioner from Home to Work under recurring 90-day authorizations. The administrative burden of compiling, organizing, and summarizing the information required for the recurring 90-day Home to Work authorizations is significant, requiring executive approval from IRS's Chief of Criminal Investigations, Treasury's Assistant Secretary for Management, and the Secretary of the Treasury.

Fund the Federal Payment Levy Program via Collections (proposal also included in the Fiscal Service CJ)

Estimated costs: $220 million in Fiscal Service costs to operate the Tax Levy Program in the Treasury Offset Program over 10 years. Fiscal Service is currently being reimbursed for this cost from IRS appropriated funding.

This proposal improves the way the Fiscal Service collects its reimbursement from IRS to cover Fiscal Service's costs in developing and operating the Federal Payment Levy Program (FPLP), which utilizes the Treasury Offset Program to process levies of federal payments to collect delinquent tax debts. Under the Economy Act, the IRS pays fees to Fiscal Service from the IRS annual discretionary appropriation. This proposal authorizes Fiscal Service to recover its costs from levy collections, rather than from IRS's direct appropriation, which reduces administrative and overhead costs for both Fiscal Service and IRS. It would also allow IRS to re-direct the use of appropriated dollars that are currently needed to fund FPLP to other initiatives that will aid in the collection of delinquent tax debt.

Section II – Budget and Performance Plan

A – Strategic Alignment

The IRS is developing its FY 2022 – 2026 Strategic Plan to serve as a roadmap to help guide its programs and operations. IRS's strategic priorities align with Treasury's FY 2022 – 2026 strategic priorities to improve the taxpayer experience, enforce the tax law fairly and efficiently, foster a diverse workforce and transform our operations to be more sustainable and efficient. The IRS Strategic Plan will be published by Spring 2022.

This budget supports the following Treasury Strategic Objectives for FY 2022 – FY 2026 and Agency Priority Goals for FY 2022 - FY 2023 for all appropriations:

IRS co-leads the following objective with the Department Office of Tax Policy:

Goal 1: Promote Equitable Economic Growth and Recovery

- Objective 1.1 Tax Administration and Policy

IRS supports the following eight objectives:

Goal 2: Enhance National Security

- Objective 2.1 Cyber Resiliency of Financial Systems and Institutions
- Objective 2.4 Transparency in the Financial System

Goal 3: Protect Financial Stability and Resiliency

- Objective 3.3 Financial Innovation

Goal 4: Combat Climate Change

- Objective 4.4 Sustainable Treasury Operations

Goal 5: Modernize Treasury Operations

- Objective 5.1 Recruit and Retain Diverse and Inclusive Workforce
- Objective 5.2 Future Work Routines
- Objective 5.3 Better Use of Data
- Objective 5.4 Customer Experience Practices

Agency Priority Goals (APGs): IRS supports the Bureau of Fiscal Service's *Improving the Payment Experience* APGs for FY 2022 – FY 2023.

Bureau of Fiscal Service Improving the Payment Experience: Create a modern, seamless, inclusive, and secure Federal payment experience for the public that meets customer needs while reducing costs, expanding financial inclusion, and improving climate sustainability of Treasury's operations. By September 30, 2023, Treasury will:

- Increase the electronic payment rate for Treasury-disbursed payments to 96.56% by the end of FY 2023, compared with 96.18% in FY 2021; and
  - Achieving this increased electronic payment rate would lead to an estimated reduction of 4.8 million checks. (Assuming FY 21 payment volume data, which excludes Economic Impact Payments and Advance Child Tax Credit payments) Note: Future legislation related to payment processing may impact these target measures.

- Increase the electronic payment rate for IRS individual tax refunds to 81.00% by the end of FY 2023, compared with 80.34% in FY 2021.

Accomplishments and Priorities

IRS's FY 2021 accomplishments include:

- Launched the Child Tax Credit Update Portal in support of the American Rescue Plan;
- Identity Protection PIN program was expanded to all 50 states, the District of Columbia, Puerto Rico, Virgin Islands, and military personnel living overseas in January 2021, fully implementing the requirements of the Taxpayer First Act Provision Section 2005 three-years earlier than requested;
- Registered over 169,000 taxpayers with Secure Access Virtual Assistant, resulting in a savings of over $11 million; and,
- Expanded electronic processing of amended returns to include a direct deposit of refunds in support of the of reducing paper checks APG.

FY 2023 IRS Initiatives

The following are IRS's FY 2023 strategic priorities with initiatives to support Treasury's goals and objectives. IRS rolled over FY 2022 initiatives Putting Taxpayers First, Ensure Fairness of the Tax System, and Integrated Modernization Business Plan.

- Putting Taxpayers First initiative will support the following Treasury Strategic Objectives: 1.1 - Tax Administration and Policy, 2.1 - Cyber Resiliency of Financial Systems and Institutions, 3.3 - Financial Innovation, 5.1 - Recruit and Retain a Diverse and Inclusive Workforce, 5.3 - Better Use of Data, and 5.4 - Customer Experience Practices.
- Ensure Fairness of the Tax System initiative will support Treasury Strategic Objectives: 1.1 - Tax Administration and Policy and 2.4 - Transparency in the Financial System.
- Enhance Taxpayer Experience initiative will support Treasury Strategic Objectives: 1.1 - Tax Administration and Policy and 5.4 - Customer Experience Practices.
- Integrated Modernization Business Plan initiative will support Treasury Strategic Objectives: 1.1- Tax Administration and Policy, 3.3 - Financial Innovation, 5.2 - Future Work Routines, 5.3 - Better Use of Data, and 5.4 - Customer Experience Practices.
- Augment IT Operations initiative will support Treasury Strategic Objective: 1.1 - Tax Administration and Policy.
- Economic Development in Underserved Communities initiative will support Treasury Strategic Objective: 1.1 - Tax Administration and Policy and 5.1 - Recruit and Retain a Diverse and Inclusive Workforce.

Taxpayer Services

Appropriation Description

The Taxpayer Services appropriation provides funding for taxpayer service activities and programs. This includes printing forms and publications, processing tax returns and related documents, offering filing and account services, taxpayer assistance, providing taxpayer advocacy services, and supporting activities.

The Taxpayer Services budget request for FY 2023 is $3,385,723,000 in direct appropriations and 32,865 FTE, excluding the proposed technical adjustment. This amount is an increase of $622,117,000 or 22.51 percent, and an increase of 4,875 FTE, or 17.42 percent from the FY 2022 ACR of $2,763,606,000 and 27,990 FTE.

2.1 – Budget Adjustments Table

Dollars in thousands

Taxpayer Services Summary of Proposed FY 2023 Request	FTE	Amount
FY 2022 Annualized CR (ACR)	**27,990**	**$2,763,606**
Changes to Base:		
Maintaining Current Levels (MCLs)		**$108,631**
Pay Annualization (2.7% average pay raise)		17,105
Pay Raise (4.6% average pay raise)		88,016
Non-Pay		3,510
Base Adjustment	**825**	**$90,285**
Adjustment to Reach Current Operating Levels	825	90,285
Subtotal FY 2023 Changes to Base	**825**	**$198,916**
FY 2023 Current Services	**28,815**	**$2,962,522**
Program Changes:		
Program Increases		
Putting Taxpayers First	192	119,034
User Authentication		*81,000*
Taxpayer Experience Strategy	*192*	*38,034*
Enhance Taxpayer Service	3,858	304,167
Subtotal FY 2023 Program Increases	**4,050**	**$423,201**
Total FY 2023 Budget Request	**32,865**	**$3,385,723**

See footnotes in 1.1 -- Appropriations Detail Table

This table does not include the proposed technical adjustment that would move certain support activities from Operation Support and charge the full cost of certain mission activities to the Taxpayer Services and Enforcement appropriations. The adjustment would reduce the Operation Support appropriation by $709.5 million for rent and CFO adjustments and increase the Taxpayer Services appropriation by $298.9 million and the Enforcement appropriation by $410.7 million.

2.2 – Object Classification Obligations

Dollars in thousands

Taxpayer Services Object Classification	FY 2021 Operating Plan	FY 2022 Annualized CR	FY 2023 Request
11.1 Full-Time Permanent Positions	1,599,164	1,668,445	1,991,237
11.3 Other than Full-Time Permanent Positions	53,855	67,240	70,141
11.5 Other Personnel Compensation	122,409	149,810	166,410
11.8 Special Personal Services Payments		9,750	10,154
11.9 Personnel Compensation (Total)	**1,775,428**	**1,895,245**	**2,237,942**
12.1 Personnel Benefits	576,632	625,520	762,029
13.0 Benefits to Former Personnel	19,887	13,334	13,887
Total Personnel and Compensation Benefits	**$2,371,947**	**$2,534,099**	**$3,013,858**
21.0 Travel	5,162	5,966	10,668
22.0 Transportation of Things	671	599	611
23.1 Rental Payments to GSA			
23.3 Communications, Utilities, & Misc.	1,290	1,258	1,285
24.0 Printing & Reproduction	9,791	9,783	10,437
25.1 Advisory & Assistance Services	45,729	55,802	139,505
25.2 Other Services	25,190	27,032	49,534
25.3 Purchase of Goods & Services from Govt. Accounts	68,677	70,401	76,079
25.7 Operation & Maintenance of Equipment	51	51	52
26.0 Supplies and Materials	4,209	3,872	4,461
31.0 Equipment	400	254	374
41.0 Grants, Subsidies	54,000	54,000	63,000
42.0 Insurance Claims & Indemnities	489	489	498
Total Non-Personnel	**$215,659**	**$229,507**	**$371,864**
New Appropriated Resources	**$2,587,606**	**$2,763,606**	**$3,385,723**
Budget Activities:			
Pre-filing Taxpayer Assistance & Education	657,618	720,276	803,873
Filing & Account Services	1,929,988	2,043,330	2,581,850
New Appropriated Resources	**$2,587,606**	**$2,763,606**	**$3,385,723**
FTE	**25,989**	**27,990**	**32,865**

See footnotes in 1.1 -- Appropriations Detail Table

Note 1: This table does not include the proposed technical adjustment that would move certain support activities from Operations Support and charge the full cost of certain mission activities to the Taxpayer Services and Enforcement appropriations. The adjustment would reduce the Operations Support appropriation by $709.5 million for rent and CFO adjustments and increase the Taxpayer Services appropriation by $298.9 million and the Enforcement appropriation by $410.7 million.

Note 2: This table does not include the $15 million in the Families First Coronavirus Response Act (FFCRA) (P.L. 116-127), $750.7 million under the Coronavirus Aid, Relief, and Economic Security (CARES) Act (P.L. 116-36), the $509 million provided in the Consolidated Appropriations Act, 2021 (P.L. 116-260), the $1.86 billion provided by the American Rescue Plan (ARP) (P.L. 117-2)

2.3 – Appropriation Detail Table

Dollars in thousands

Taxpayer Services Appropriated Resources	FY 2021 Operating Plan		FY 2022 Annualized CR		FY 2023 Request		Change FY 2022 to FY 2023 Request		% Change FY 2022 to FY 2023 Request	
	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT
New Appropriated Resources:										
Pre-Filing Taxpayer Assistance and Education	4,514	657,618	5,536	720,276	5,967	803,873	431	83,597	7.79%	11.61%
Filing and Account Services	21,475	1,929,988	22,454	2,043,330	26,898	2,581,850	4,444	538,520	19.79%	26.36%
Subtotal New Appropriated Resources	**25,989**	**$2,587,606**	**27,990**	**$2,763,606**	**32,865**	**$3,385,723**	**4,875**	**$622,117**	**17.42%**	**22.51%**
Other Resources:										
Reimbursables	514	39,449	429	45,000	450	47,250	21	2,250	4.90%	5.00%
Offsetting Collections - Non Reimbursables		6,281								
User Fees	71	64,900	71	78,900	991	78,900	920		1295.77%	
Recovery from Prior Years		21,760		7,268		7,268				
Unobligated Balances from Prior Years	877	190,789	3,100	276,216			(3,100)	(276,216)	-100.00%	-100.00%
Transfers In/Out										
Recoveries Paid				4		4				
Resources from Other Accounts	1	50								
Subtotal Other Resources	**1,463**	**$323,229**	**3,600**	**$407,388**	**1,441**	**$133,422**	**(2,159)**	**($273,966)**	**-59.97%**	**-67.25%**
Total Budgetary Resources	**27,452**	**$2,910,835**	**31,590**	**$3,170,994**	**34,306**	**$3,519,145**	**2,716**	**$348,151**	**8.60%**	**10.98%**

See footnotes in 1.1--Appropriations Detail Table

The new appropriated resources in this table do not include the proposed technical adjustment that would move certain support activities from Operation Support and charge the full cost of certain mission activities to the Taxpayer Services and Enforcement appropriations. The adjustment would reduce the Operation Support appropriation by $709.5 million for rent and CFO adjustments and increase the Taxpayer Services appropriation by $298.9 million and the Enforcement appropriation by $410.6 million.

2A – Pre-Filing Taxpayer Assistance and Education *($803,873,000 in direct appropriations and an estimated $201,000 in reimbursable programs)*: This budget activity funds direct labor and some non-labor expenses to assist with tax return preparation, including tax law interpretation, publication, production, and advocate services. The program activities include:

- Pre-Filing Services Management supports headquarters staffing and support for Taxpayer Advocate Service and Customer Assistance Relationship and Education (CARE) program activities. CARE provides pre-filing taxpayer assistance and education.
- Taxpayer Communication and Education research customer needs; develops and manages educational programs; establishes partnerships with stakeholder groups; and disseminates tax information to taxpayers and the public through a variety of media, including publications and mailings, websites, broadcasting, and advertising.
- Media and Publications develops and produces notices, forms, and publications for printed and electronic tax materials, and provides media production services to taxpayers.
- Taxpayer Advocacy provides advocate services to taxpayers by identifying the underlying causes of taxpayer problems and participating in the development of systematic and/or procedural remedies.
- Account Management and Assistance – Field Assistance provides face-to-face assistance, education, and compliance services to taxpayers. It includes return preparation, answering tax questions, resolving account and notice inquiries, and supplying forms and publications to taxpayers.
- Taxpayer Advocate Case Processing provides advocate services to taxpayers to resolve taxpayer problems through prompt identification, referral, and settlement.
- Wage and Investment (W&I) HQ Management and Administration provides staffing, training, and direct support for W&I management activities of strategic planning, communications and liaison, finance, human resources, equity, diversity and inclusion, business modernization, and embedded training.

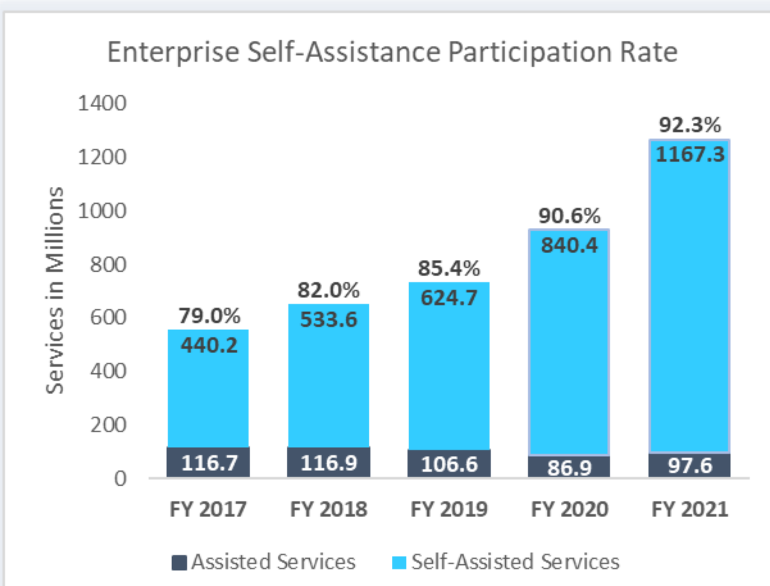
- Taxpayer Services Research provides resources to support taxpayer services by conducting taxpayer behavioral studies, data analysis, and uses advanced analytics to deliver results and conclusions to inform business decisions to improve IRS products and services.
- National Distribution Center processes orders for IRS forms and publications received from individual taxpayers, tax practitioners, and IRS tax return preparation partners.

Description of FY 2021 Performance – Pre-Filing and Taxpayer Assistance

In FY 2021, the Timeliness of Critical Individual Filing Season (CIFS) Tax Products to the Public (i.e., tax forms, schedules, instructions, and publications) was 92 percent (81 out of 88 products delivered timely), exceeding the FY 2021 target of 85 percent. This accomplishment was partially due to the enactment of the P.L. 116-260, Consolidated Appropriations Act of 2021, which determined the February 12 filing season start date. The legislation provided more time to meet the annual goal. Additional factors that contributed to exceeding this year's target and are proven models for future success include prioritizing work on the release of critical products; planning for legislative changes to quickly re-prioritize work targeted to critical products impacted by the law; granting of overtime, credit, and compensatory time during workdays, weekends, and holidays; and workload planning and monitoring by management as well as the efforts of our employees. The IRS expects to achieve a target of 89 percent for FY 2022 and FY 2023.

In FY 2021, the IRS Timeliness of Critical Tax TE/GE and Business (CTB) Filing Season Tax products to the Public was 92.9 percent, exceeding the target of 85 percent. These results were achieved due to the enactment of the P.L. 116-260, Consolidated Appropriations Act of 2021, which determined the February 12 filing season start date. The legislation provided more time to meet the annual goal. Additional factors that contributed to exceeding this year's target and are proven models for future success include prioritizing work on the release of critical products; planning for legislative changes to quickly reprioritize work targeted to critical products impacted by the law; granting of overtime, credit, and compensatory time during workdays, weekends, and holidays; and workload planning and monitoring by management as well as the efforts of our employees. The IRS expects to achieve a target of 89 percent for FY 2022 and FY 2023.

Figure 2.1



The Enterprise Self-Assistance Participation Rate (ESAPR) represents the percent of taxpayers who use one of the IRS's self-assistance service channels (e.g., automated calls, web services) versus needing support from an IRS employee (e.g., face-to-face, over the phone, or via paper correspondence). The FY 2021 ESAPR was 92.3 percent, exceeding the target by 3.7 percent. The web services that had the largest percent change are: Where's My Amended Return (226.4 percent); Online Accounts Sessions (117.8 percent); and Get Transcripts Online (108.1 percent). Compared to FY 2020, total services increased by 36.4 percent, self-assisted services increased by 38.9 percent and assisted services rose 12.4 percent. In FY 2022, IRS will update the existing Online Payment Agreements (OPA) and Installment Agreements (IA) applications to include business taxpayers and include a new chatbot application for OPAs and IAs for small business and self-employed taxpayers. The IRS expects to achieve a target of 91 percent for FY 2022 and 91 percent for FY 2023.

FY 2023 Changes by Budget Activity

Dollars in thousands

Pre-Filing Taxpayer Assistance & Education	FTE	Amount
FY 2022 Annualized CR (ACR)	**5,536**	**$720,276**
Changes to Base:		
Maintaining Current Levels (MCLs)		**$26,645**
Pay Annualization (2.7% average pay raise)		4,185
Pay Raise (4.6% average pay raise)		21,536
Non-Pay		924
Base Adjustment		**$5,952**
Adjustment to Reach Current Operating Levels		5,952
Subtotal FY 2022 Changes to Base		**$32,597**
FY 2022 Current Services	**5,536**	**$752,873**
Program Increases:		
Putting Taxpayers First	81	17,649
Taxpayer Experience Strategy	*81*	*17,649*
Enhance Taxpayer Service	350	33,351
Subtotal FY 2023 Program Increases	**431**	**$51,000**
Total FY 2023 Request	**5,967**	**$803,873**
Dollar/FTE Change FY 2023 Request over FY 2022 ACR	431	$83,597
Percent Change FY 2023 Request over FY 2022 ACR	7.79%	11.61%

This table does not include the proposed technical adjustment that would move certain support activities from Operation Support and charge the full cost of certain mission activities to the Taxpayer Services and Enforcement appropriations. The adjustment would reduce the Operation Support appropriation by $709.5 million for rent and CFO adjustments and increase the Taxpayer Services appropriation by $298.9 million and the Enforcement appropriation by $410.7 million.

2.1.1 – Budget and Performance Report and Plan

Dollars in thousands

Pre-Filing Taxpayer Assistance & Education Resource Level	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Annualized CR	FY 2023 Request
Appropriated Resources[1]	$594,962	$640,379	$621,907	$632,893	$658,344	$720,276	$803,873
Reimbursable Resources[2]	4	260	118	578	142	191	201
User Fees[2]							
Budget Activity Total	**$594,966**	**$640,639**	**$622,025**	**$633,471**	**$658,486**	**$720,467**	**$804,074**

[1]The FY 2017 - FY 2021 appropriated resources represents the approved operating plan including any inter-BAC transfers and inter-appropriation transfers.

[2]The FY 2017 - FY 2021 columns represent realized resources for reimbursables and user fees.

Pre-Filing Taxpayer Assistance & Education Measure	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2021 Target	FY 2022 Target	FY 2023 Target
Timeliness of Critical Filing Season Tax Products to the Public (Ot, L)	93.1%	59.6%	92.6%	78.4%	92.0%	85.0%	89.0%	89.0%
Timeliness of Critical TE/GE & Business Tax Products to the Public (Ot, L)	96.7%	100.0%	96.1%	96.0%	92.9%	85.0%	89.0%	89.0%
Enterprise Self Assistance Participation Rate (E, L)[3]	79.0%	82.0%	85.4%	90.6%	92.3%	89.0%	91.0%	91.0%

Key: Oe - Outcome Measure, E - Efficiency Measure, Ot - Output/Workload Measure, and L - Strategic Goal Measure

[3]In FY 2017, the IRS renamed the Taxpayer Self Assistance Rate measure to Enterprise Self Assistance Participation Rate.

2B – Filing and Account Services

($2,581,850,000 in direct appropriations, $47,049,000 from reimbursable programs, and $78,900,000 from user fees): This budget activity funds direct labor and non-labor expenses that provide filing and account services to taxpayers, process paper and electronically submitted tax returns, issue refunds, and maintain taxpayer accounts. The public continues to file more returns electronically (approximately 93.6 percent of individual returns were filed electronically during the 2021 filing season). The program activities include:

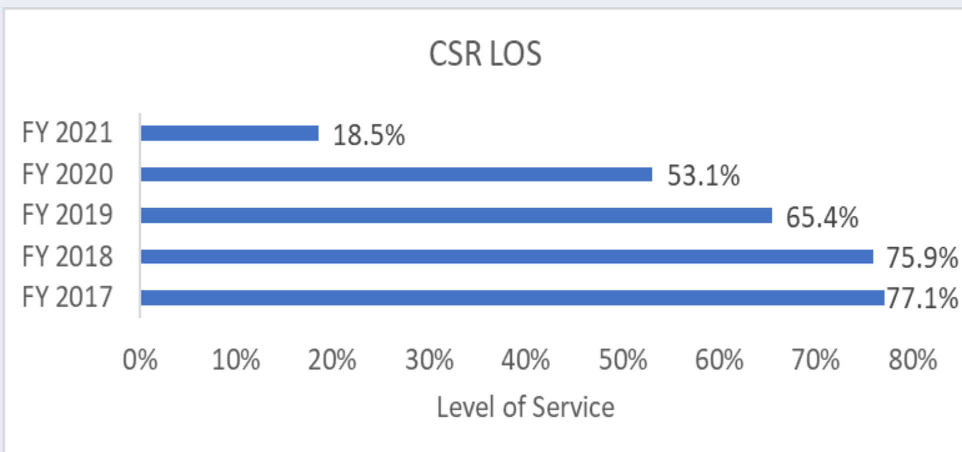
- Filing and Account Services Management administers filing and account services programs.
- Submission Processing processes paper and electronically submitted tax returns and supplemental documents, accounts for tax revenue, processes information documents, and issues refunds and tax notices.
- Account Management and Assistance – Electronic/Correspondence Assistance provides education and assistance to taxpayers and resolves accounts and notice inquiries through telephone, paper, and internet correspondence.
- Electronic Products and Services Support (EPSS) provides centralized operations and support capabilities for the IRS suite of electronic products, including e-help desk, technology support, and operations support.
- Electronic Tax Administration (ETA) markets and administers electronic tax administration products and services.
- Business Performance Lab initiates, recommends, and manages systemic solutions for the detection and treatment of improper refunds while ensuring effective treatment for payment of valid refund claims, leads the development of innovative business processes and technology solutions and represents Return Integrity & Compliance Services (RICS) interest in support of the service-wide revenue protection strategy.
- Health Care Tax Administration provides funds to administer the health insurance tax credit portion of the Trade Adjustment Assistance Reform Act of 2002.
- Joint Operations Center (JOC) provides service, support, and technology for telephone, correspondence, and electronic media inquiries; real time monitoring and routing of inbound calls; monitoring of Customer Service Representative (CSR) accuracy; and management of the enterprise telephone database.

Description of FY 2021 Performance – Filing and Account Services

In FY 2021, Customer Accuracy – Tax Law, the IRS answered 92.8 percent of tax law questions over the telephone correctly, exceeding the target of 90.0 percent by 3.1 percent. IRS will continue to monitor results through data-driven analysis of reports to achieve future goals. Ongoing efforts have and will continue to focus on production meetings with field sites, promoting coding consistency of product reviews, and providing training to managers and employees to ensure quality service to customers. For FY 2022 and FY 2023, the IRS set the Tax Law Accuracy target at 89.0 percent.

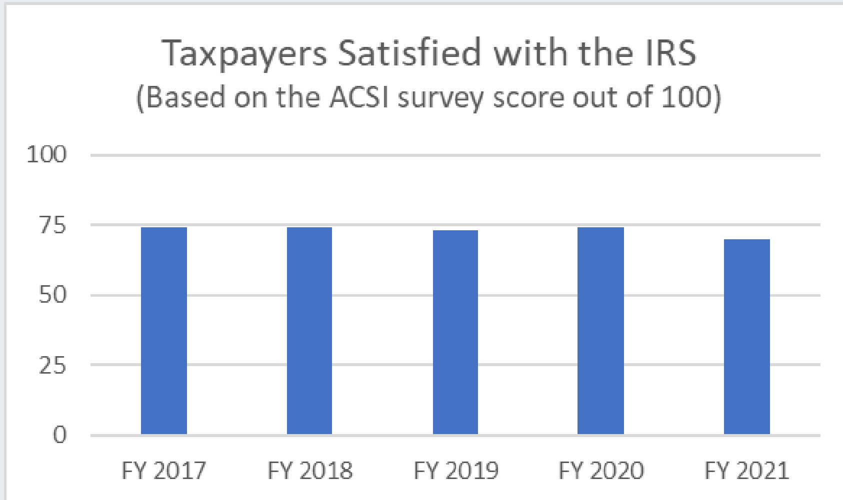
For Customer Accuracy – Accounts, the IRS answered 93.0 percent of account questions over the telephone correctly, exceeding the FY 2021 target of 91.0 percent. IRS will continue to monitor results through data-driven analysis of reports to achieve future goals. Ongoing efforts have and will continue to focus on production meetings with field sites, promoting coding consistency of product reviews, and providing training to managers and employees to ensure quality service to customers. For FY 2022 and FY 2023, the IRS set the Accounts Accuracy target at 89.0 percent.

Figure 2.2



The Customer Service Representative (CSR) Level of Service (LOS) measures the relative success rate of taxpayers wanting to speak with a CSR. In FY 2021, CSR LOS was 18.5 percent, falling short of the 32.0 percent target. New legislation resulted in added, unplanned demand for toll-free assistance. Compared to FY 2020, total assistor demand was up more than 200.0 percent, with some lines seeing increases of more than 2 million calls. Despite these challenges, the IRS was able to answer 3.8 million more calls in FY 2021 than the prior year. The IRS will continue to monitor demand in real time and shift staff between telephones and paper processing to address demand. During the pandemic, IRS processed more than 450 million Economic Impact Payments and over 200 million advance payments of the Child Tax Credit. Prioritizing pandemic response, combined with pandemic disruptions to on-site work, delayed tax return processing, taxpayer correspondence, and other critical services, resulting in unprecedented increases in correspondence inventory levels. As a result, the IRS lowered its FY 2022 LOS target to 30.0 percent, in order, to devote more resources towards processing correspondence inventory. With the additional resources requested in this budget, the IRS will increase the FY 2023 LOS target to 85.0 percent assuming phone demand returns to pre-pandemic levels the IRS can provide in-person services at pre-pandemic levels and as inventories are expected to reach normal levels.

Figure 2.3



The Taxpayers Satisfied with the IRS indicator, the All-Individual Tax Filers Score, is based on the annual American Customer Satisfaction Index (ACSI) Survey, which is the only uniform, cross-industry/government measure of customer satisfaction with the quality of goods and services available to U.S. residents. The measure is calculated as a weighted combination of the ACSI Individual Electronic Tax Filer and Individual Paper Tax Filer Customer Satisfaction Index scores based on a 100-point scale. The Taxpayers Satisfied with the IRS measure declined four points in 2021 to 70 as shown above, due to a statistically significant decrease in the electronic filer score, following impacts from the COVID-19 pandemic.

FY 2023 Changes by Budget Activity

Dollars in thousands

Filing and Account Services	FTE	Amount
FY 2022 Annualized CR (ACR)	**22,454**	**$2,043,330**
Changes to Base:		
Maintaining Current Levels (MCLs)		**$81,986**
Pay Annualization (2.7% average pay raise)		12,920
Pay Raise (4.6% average pay raise)		66,480
Non-Pay		2,586
Base Adjustment	**825**	**$84,333**
Adjustment to Reach Current Operating Levels	825	84,333
Subtotal FY 2023 Changes to Base	**825**	**$166,319**
FY 2023 Current Services	**23,279**	**$2,209,649**
Program Increases:		
Putting Taxpayers First	111	101,385
User Authentication		*81,000*
Taxpayer Experience Strategy	*111*	*20,385*
Enhance Taxpayer Service	3,508	270,816
Subtotal FY 2023 Program Increases	**3,619**	**$372,201**
Total FY 2023 Request	**26,898**	**$2,581,850**
Dollar/FTE Change FY 2023 Request over FY 2022 ACR	4,444	$538,520
Percent Change FY 2023 Request over FY 2022 ACR	19.79%	26.36%

This table does not include the proposed technical adjustment that would move certain support activities from Operation Support and charge the full cost of certain mission activities to the Taxpayer Services and Enforcement appropriations. The adjustment would reduce the Operation Support appropriation by $709.5 million for rent and CFO adjustments and increase the Taxpayer Services appropriation by $298.9 million and the Enforcement appropriation by $410.7 million.

2.1.2 – Budget and Performance Report and Plan

Dollars in thousands

Filing and Account Services Resource Level	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Annualized CR	FY 2023 Request
Appropriated Resources[1]	$1,564,488	$1,712,511	$1,872,175	$1,901,467	$1,927,220	$2,043,330	$2,581,850
Reimbursable Resources[2]	30,147	34,905	62,794	72,769	39,307	44,809	47,049
User Fees[2]	40,553	69,987	3,900		64,900	78,900	78,900
Budget Activity Total	**$1,635,188**	**$1,817,403**	**$1,938,869**	**$1,974,236**	**$2,031,427**	**$2,167,039**	**$2,707,799**

[1]The FY 2017 - FY 2021 appropriated resources represents the approved operating plan including any inter-BAC transfers and inter-appropriation transfers.

[2]The FY 2017 - FY 2021 columns represent realized resources for reimbursables and user fees.

Filing and Account Services Measures	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2021 Target	FY 2022 Target	FY 2023 Request
Customer Accuracy - Tax Law (Phones) (Ot)	96.7%	95.5%	91.6%	91.0%	92.8%	90.0%	89.0%	89.0%
Customer Accuracy - Accounts (Phones) (Ot)	96.0%	96.1%	94.3%	93.5%	93.0%	91.0%	89.0%	89.0%
Customer Service Representative (CSR) Level of Service (LOS) (Oe)[3]	77.1%	75.9%	65.4%	53.1%	18.5%	32.0%	30.0%	85.0%
Taxpayers Satisfied with the IRS (based on a 100 point scale) (Ot, L)[4]	74	74	73	74	70	Indicator	Indicator	Indicator

Key: Oe - Outcome Measure, E - Efficiency Measure, Ot - Output/Workload Measure, and L - Strategic Goal Measure

[3]The CSR LOS includes toll-free telephone lines answered by Accounts Management assistors only. These lines service 82 percent of all telephone traffic. Achieving the FY 2023 LOS target of 85 percent requires timely enactment of appropriations so the IRS can complete hiring and training ahead of the filing season and assumes that demand and in person services return to pre-pandemic levels. The IRS's Automated Collection System (ACS) toll-free line is used by taxpayers for compliance related inquiries. For FY 2021, the ACS LOS was 37.8 percent. These are both included in the Enterprise LOS, which measures the relative success rate of taxpayers calling to speak with an IRS Assistor on any IRS toll-free telephone line. The Enterprise LOS in FY 2021 was 21.3 percent.

[4]Based on the American Customer Satisfaction Index (ACSI) survey; the All-Individual Tax Filer score is calculated from separate ACSI Individual Paper Filer and Electronic Filer customer satisfaction index scores; available on an annual basis at the end of January and computed on a 100-point scale.

Enforcement

Appropriation Description

The Enforcement appropriation provides funding for the examination of tax returns, both domestic and international; administrative and judicial settlement of taxpayer appeals of examination findings; technical rulings; monitoring of employee pension plans; determination of qualifications of organizations seeking tax-exempt status; examination of tax returns of exempt organizations; enforcement of statues relating to detection and investigation of criminal violations of the internal revenue laws; identification of underreporting of tax obligations; securing of unfiled tax returns; collection of unpaid accounts; and supporting activities.

The Enforcement budget request for FY 2023 is $5,861,649,000 in direct appropriations and 38,607 FTE, excluding the proposed technical adjustment. This amount is an increase of $857,027,000 or 17.12 percent, and 3,003 FTE or 8.43 percent more than the FY 2022 ACR of $5,004,622,000 and 35,604 FTE. It is important to note, as mentioned in the introduction, although not included in the request, the IRS along with the Administration are still committed to the attainment of multi-year funding for an extensive enforcement program initiative that will generate and protect billions of dollars in additional revenue while reducing the tax gap.

2.1 – Budget Adjustments Table

Dollars in thousands

Enforcement Summary of Proposed FY 2023 Request	**FTE**	**Amount**
FY 2022 Annualized CR (ACR)	**35,604**	**$5,004,622**
Changes to Base:		
Maintaining Current Levels (MCLs)		**$202,663**
Pay Annualization (2.7% average pay raise)		32,228
Pay Raise (4.6% average pay raise)		165,832
Non-Pay		4,603
Base Adjustment	**358**	**$229,176**
Adjustment to Reach Current Operating Levels	358	229,176
Subtotal FY 2023 Changes to Base	**358**	**$431,839**
FY 2023 Current Services	**35,962**	**$5,436,461**
Program Changes:		
Program Increases		
Putting Taxpayers First	152	54,331
Taxpayer Experience Strategy	*152*	*54,331*
Ensure Fairness of the Tax System	2,493	370,857
Subtotal FY 2023 Program Increases	**2,645**	**$425,188**
Total FY 2023 Budget Request	**38,607**	**$5,861,649**

See footnotes in 1.1 -- Appropriations Detail Table

This table does not include the proposed technical adjustment that would move certain support activities from Operation Support and charge the full cost of certain mission activities to the Taxpayer Services and Enforcement appropriations. The adjustment would reduce the Operation Support appropriation by $709.5 million for rent and CFO adjustments and increase the Taxpayer Services appropriation by $298.9 million and the Enforcement appropriation by $410.7 million.

2.2 – Object Classification Obligations

Dollars in thousands

Enforcement Object Classification	FY 2021 Operating Plan	FY 2022 Annualized CR	FY 2023 Request
11.1 Full-Time Permanent Positions	3,130,581	3,206,471	3,629,712
11.3 Other than Full-Time Permanent Positions	26,773	21,384	22,901
11.5 Other Personnel Compensation	145,294	145,755	162,644
11.8 Special Personal Services Payments	29,500	19,739	38,741
11.9 Personnel Compensation (Total)	**3,332,148**	**3,393,349**	**3,853,999**
12.1 Personnel Benefits	1,327,649	1,380,796	1,563,995
13.0 Benefits to Former Personnel	323	358	373
Total Personnel and Compensation Benefits	**$4,660,120**	**$4,774,503**	**$5,418,366**
21.0 Travel	55,527	60,269	118,808
22.0 Transportation of Things	8,581	8,300	21,349
23.2 Rent Payments to Others	282	243	268
23.3 Communications, Utilities, & Misc.	4,208	5,880	6,140
24.0 Printing & Reproduction	2,770	2,982	3,402
25.1 Advisory & Assistance Services	173,410	50,446	121,080
25.2 Other Services	34,826	31,962	69,407
25.3 Purchase of Goods & Services from Govt. Accounts	30,394	33,322	42,155
25.4 Operation & Maintenance of Facilities	5	4	4
25.6 Medical Care	125	119	9,470
25.7 Operation & Maintenance of Equipment	1,966	1,762	8,446
26.0 Supplies and Materials	20,830	19,381	22,625
31.0 Equipment	6,108	7,027	11,498
42.0 Insurance Claims & Indemnities	970	922	941
91.0 Unvouchered	4,500	7,500	7,690
Total Non-Personnel	**$344,502**	**$230,119**	**$443,283**
New Appropriated Resources	**$5,004,622**	**$5,004,622**	**$5,861,649**
Budget Activities:			
Investigations	698,193	667,279	785,121
Exam & Collections	4,120,886	4,160,748	4,883,575
Regulatory	185,543	176,595	192,953
New Appropriated Resources	**$5,004,622**	**$5,004,622**	**$5,861,649**
FTE	**34,989**	**35,604**	**38,607**

See footnotes in 1.1 -- Appropriations Detail Table

Note 1: This table does not include the proposed technical adjustment that would move certain support activities from Operations Support and charge the full cost of certain mission activities to the Taxpayer Services and Enforcement appropriations. The adjustment would reduce the Operations Support appropriation by $709.5 million for rent and CFO adjustments and increase the Taxpayer Services appropriation by $298.9 million and the Enforcement appropriation by $410.7 million.

Note 2: This table does not include the $15 million in the Families First Coronavirus Response Act (FFCRA) (P.L 116-127), $750.7 million under the Coronavirus Aid, Relief, and Economic Security (CARES) Act (P.L. 116-36), the $509 million provided in the Consolidated Appropriations Act, 2021 (P.L. 116-260), the $1.86 billion provided by the American Rescue Plan (ARP) (P.L. 117-2)

2.3 – Appropriation Detail Table

Dollars in thousands

Enforcement Appropriated Resources	FY 2021 Operating Plan		FY 2022 Annualized CR		FY 2023 Request		Change FY 2022 to FY 2023 Request		% Change FY 2022 to FY 2023 Request	
	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT
New Appropriated Resources:										
Investigations	3,012	678,193	2,965	667,279	3,223	785,121	258	117,842	8.70%	17.66%
Exam and Collections	30,987	4,170,886	31,615	4,160,748	34,331	4,883,575	2,716	722,827	8.59%	17.37%
Regulatory	990	155,543	1,024	176,595	1,053	192,953	29	16,358	2.83%	9.26%
Subtotal New Appropriated Resources	**34,989**	**$5,004,622**	**35,604**	**$5,004,622**	**38,607**	**$5,861,649**	**3,003**	**$857,027**	**8.43%**	**17.12%**
Other Resources:										
Reimbursables	101	3,891	80	57,000	84	59,850	4	2,850	5.00%	5.00%
Offsetting Collections - Non Reimbursable		59,965		10,000		10,500		500		5.00%
User Fees				54				(54)		-100.00%
Recovery from Prior Years		1,670		1,453		1,453				
Recoveries Paid				3,175		3,175				
Unobligated Balances from Prior Years	544	254,643		252,301		2,000		(250,301)		-99.21%
Transfers In/Out				140		140				
Resources from Other Accounts	331	113,931	433	88,951	787	108,455	354	19,504	81.76%	21.93%
Subtotal Other Resources	**976**	**$434,100**	**513**	**$413,074**	**871**	**$185,573**	**358**	**($227,501)**	**69.79%**	**-55.08%**
Total Budgetary Resources	**35,965**	**$5,438,722**	**36,117**	**$5,417,696**	**39,478**	**$6,047,222**	**3,361**	**$629,526**	**9.31%**	**11.62%**

See footnotes in 1.1--Appropriations Detail Table

Note: The new appropriated resources in this table do not include the proposed technical adjustment that would move certain support activities from Operation Support and charge the full cost of certain mission activities to the Taxpayer Services and Enforcement appropriations. The adjustment would reduce the Operation Support appropriation by $709.5 million for rent and CFO adjustments and increase the Taxpayer Services appropriation by $298.9 million and the Enforcement appropriation by $410.6 million.

2C – Investigations

($785,121,000 in direct appropriations, and an estimated $55,922,000 from reimbursable programs): This budget activity funds the Criminal Investigation (CI) programs that explore potential criminal and civil violations of tax laws; enforce criminal statutes relating to violations of tax laws and other financial crimes; and recommend prosecution as warranted. The program activities include:

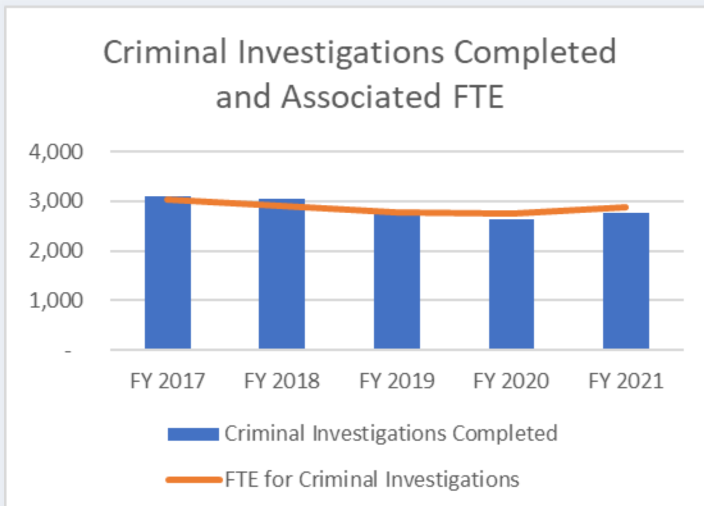
- General Management and Administration supports the headquarters management activities of strategic planning, communications, finance, and human resources for CI activities.
- Identity Theft, through CI's collaboration with internal and external business partners, combats the inherent risks of Stolen Identity Refund Fraud (SIRF) by focusing on significant tax investigations, prosecutions to maximize deterrence, and preventing the IRS from issuing fraudulent refunds.
- CI supports the enforcement of criminal statutes relating to violations of internal revenue laws and other financial crimes. CI investigates cases of suspected intent to defraud involving both legal and illegal sources of income and recommends prosecution as warranted. This includes the investigation and prosecution of tax and money-laundering violations associated with narcotics organizations.
- Criminal Tax Legal Support provides legal advice and support from IRS Counsel to CI.
- International Investigations supports international investigations involving U.S. citizens residing abroad, non-resident aliens, expatriates (U.S. citizens living abroad who have renounced their citizenship), and investigations involving other international issues, including legal support (e.g., Foreign Tax Credit and Foreign Earned Income Exclusion, Corporations, Non-Profits, Pension Plans, etc.).
- Cybersecurity supports CI’s cyber-efforts around inherent risks to CI’s networks and systems, while focusing enforcement and investigative actions on the criminals that pose those threats. This activity also supports security

program management that protects the safeguarding of all data and systems within CI while adhering to all federal regulatory security compliance mandates and local security policies.

Description of FY 2021 Performance – Investigations

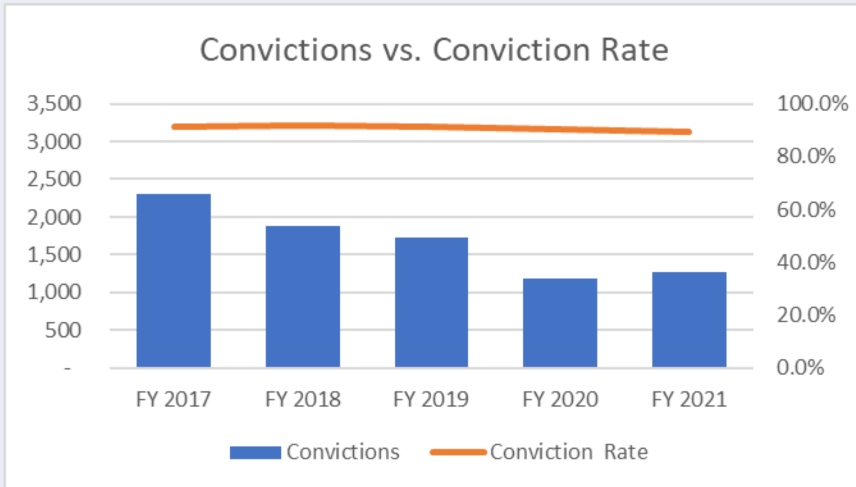
Criminal Investigation serves the American public by investigating potential criminal violations of the Internal Revenue Code and related financial crimes in a manner that fosters confidence in the tax system and compliance with the law. CI uses the following measures to evaluate its success in achieving its mission.

Figure 2.4



In FY 2021, CI completed 2,766 Criminal Investigations, exceeding the year-end target of 2,600 by 6.4 percent. Cases of a Legal nature completed decreased 14.1 percent compared to the same period in FY 2020, while Illegal and Narcotics cases increased 12.4 percent and 25.9 percent, respectively. Legal source cases include people that earn their income legally, but willfully violate the tax laws (tax evasion). Examples of illegal cases include embezzlement, mortgage fraud, telemarketing fraud, and money laundering. Narcotics cases are similar to illegal cases; however, these cases are specific to profits and financial gains of organized drug groups involved in narcotics, narcotics trafficking, and money laundering. Although Criminal Investigations Completed increased compared to last year, COVID-19 continues to impact day-to-day investigative activities thereby contributing to a higher cycle time for investigations completed. Based on projected staffing levels, setbacks and challenges presented due to the COVID-19 pandemic and its impact on future performance, IRS set a target of 2,600 for FY 2022 and 2,500 for FY 2023.

Figure 2.5



The FY 2021 Conviction Rate of 89.4 percent was 2.8 percent below the year-end target of 92.0 percent while convictions are up 6.4 percent. The COVID-19 pandemic continues to limit court availability throughout the country and impact day-to-day investigative activities in support of the judicial system thereby contributing to fewer cases being processed. Additionally, decreases in the number of special agents in previous years has led to a decline in the total amount of cases initiated and consequently recommended for prosecution. Despite this, appropriate case selection and effective field performance continue to positively affect the quality of cases resulting in convictions. The IRS will keep the Conviction Rate targets for FY 2022 and FY 2023 at 92 percent.

Dollars in thousands

Investigations	FTE	Amount
FY 2022 Annualized CR (ACR)	**2,965**	**$667,279**
Changes to Base:		
Maintaining Current Levels (MCLs)		**$25,934**
Pay Annualization (2.7% average pay raise)		3,955
Pay Raise (4.6% average pay raise)		20,352
Non-Pay		1,627
Base Adjustment	**30**	**16,996**
Adjustment to Reach Current Operating Levels	30	16,996
Subtotal FY 2023 Changes to Base	**30**	**$42,930**
FY 2023 Current Services	**2,995**	**$710,209**
Program Increases:		
Putting Taxpayers First	9	3,529
Taxpayer Experience Strategy	*9*	*3,529*
Ensure Fairness of the Tax System	219	71,383
Subtotal FY 2023 Program Increases	**228**	**$74,912**
Total FY 2023 Request	**3,223**	**$785,121**
Dollar/FTE Change FY 2023 Request over FY 2022 ACR	258	$117,842
Percent Change FY 2023 Request over FY 2022 ACR	8.70%	17.66%

This table does not include the proposed technical adjustment that would move certain support activities from Operation Support and charge the full cost of certain mission activities to the Taxpayer Services and Enforcement appropriations. The adjustment would reduce the Operation Support appropriation by $709.5 million for rent and CFO adjustments and increase the Taxpayer Services appropriation by $298.9 million and the Enforcement appropriation by $410.7 million.

2.1.3 – Budget and Performance Report and Plan

Dollars in thousands

Investigations Resource Level	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY2022 Annualized CR	FY 2023 Request
Appropriated Resources[1]	$589,295	$581,680	$595,686	$619,227	$630,093	$667,279	$785,121
Reimbursable Resources[2]	33,618	28,295	27,749	41,233	1,950	53,259	55,922
User Fees[2]							
Budget Activity Total	**$622,913**	**$609,975**	**$623,435**	**$660,460**	**$632,043**	**$720,538**	**$841,043**

[1]The FY 2017 - FY 2021 appropriated resources represents the approved operating plan including any inter-BAC transfers and inter-appropriation transfers.

[2]The FY 2017 - FY 2021 columns represent realized resources for reimbursables and user fees.

Investigations Measures	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2021 Target	FY 2022 Target	FY 2023 Target
Criminal Investigations Completed (Ot)	3,089	3,051	2,797	2,624	2,766	2,600	2,600	2,500
Conviction Rate (Oe)	91.5%	91.7%	91.2%	90.4%	89.4%	92.0%	92.0%	92.0%

Key: Oe - Outcome Measure, Ot - Output/Workload Measure

2D – Exam and Collections

($4,883,575,000 in direct appropriations, and an estimated $3,062,000 from reimbursable programs): This budget activity funds programs that enforce the tax laws and increase compliance through examination and collection programs that ensure proper payment and tax reporting. This budget activity also includes campus support of the Questionable Refund program and appeals, and litigation activities associated with exam and collection. The program activities include:

- Compliance Services Management supports management associated with exam and compliance program activities.
- Payment Compliance – Correspondence Collection supports IRS collection activities by initiating contact and collecting delinquent taxpayer liabilities through written notices and other means.
- Automated Collections and Support initiates contact and collects delinquent taxpayer liabilities through the centralized Automated Collection System (ACS).
- Payment Compliance – Field Collection conducts field investigations and collection efforts associated with delinquent taxpayer and business entity liabilities, including direct taxpayer contact and outreach programs to protect the interest of the federal government in delinquent tax liability situations.
- Tax Reporting Compliance – Document Matching supports the Automated Underreporter (AUR), Combined Annual Wage Reporting (CAWR), Federal Unemployment Tax Act (FUTA), and other document matching programs.
- Tax Reporting Compliance – Electronic/Correspondence Exam initiates written correspondence with taxpayers related to tax issues arising from claims on their tax returns.
- Tax Reporting Compliance – Field Exam compares taxpayer income levels and corresponding tax liabilities to ensure the accuracy of taxpayer returns.
- Fraud/Bank Secrecy Act enforces the anti-money laundering provisions of the Bank Secrecy Act of 1970 (BSA) and the USA Patriot Act of 2001. It examines non-bank financial institutions for compliance with these laws, receives and processes more than 15 million financial reports annually, and manages a centralized database of that information for the Financial Crimes Enforcement Network. The Fraud program follows the money trail to support the criminal investigation of tax evasion operations. Fraud technical advisors and revenue agents supply investigative leads and referrals to federal, state, and local law enforcement agencies.
- Appeals supplies an administrative review process that provides a channel for impartial case settlement before a case is docketed in a court of law.
- Litigation provides legal support for the IRS in litigation of cases, including interpretation of the tax law.
- Specialty Programs – Exams examines federal tax returns of businesses and individuals responsible for the filing and payment of employment, excise, estate, and gift taxes.
- International Collection supports international field collection efforts associated with delinquent taxpayer and business entity liabilities from U.S. citizens residing abroad, non-resident aliens, expatriates (U.S. citizens living abroad who have renounced their citizenship), and those involving other international issues (e.g., Foreign Tax Credit and Foreign Earned Income Exclusion).
- International Exams supports the international exam program involving U.S. citizens residing abroad, non-resident aliens, expatriates, and other examinations involving other international issues including legal support (e.g., Foreign Tax Credit and Foreign Earned Income Exclusion, Corporations, Non-Profits, Pension Plans, etc.).
- Enforcement Research provides resources for market-based research to identify compliance issues, for conducting tests of treatments to address noncompliance, and for the implementation of successful treatments of taxpayer non-compliant behavior.
- Unit General Management and Administration provides staffing, training, and direct support for headquarters management activities of strategic planning, communication and liaison, finance, human resources, equity, diversity and inclusion, business system planning, and embedded training.
- Earned Income Tax Credit (EITC) Management and Administration supports headquarters management associated with EITC.

- Integrity & Verification Operations supports civil fraud detection and prevention efforts in a pre-refund environment including monitoring performance and developing policy, procedures, and guidance for processing civil revenue protection programs.
- ID Theft Victim Assistance has end-to-end responsibility and accountability for identity theft victim assistance policy and operations, which includes paper inventories from tax-related ID theft, the Identity Theft Protection Specialized Unit, and Return Preparer Misconduct.
- Whistleblower Office provides staffing, training, and direct support to process, assess, and analyze tips from individuals who identify tax problems during their daily business, regardless of where encountered (including workplace).
- Communications and Liaison coordinates local government and liaison relationships; manages congressional, state, and national stakeholder relationships and issues; coordinates crosscutting issues, including audit management and legislative implementation; manages national media contacts and local media relationships; and ensures compliance with disclosure and privacy laws.
- Return Integrity, Verification & Program Management provides policy and program oversight of revenue protection efforts such as detection, prevention, and treatment of improper refunds (identity theft and non-compliance), including managing systemic solutions regarding payment of valid refund claims and the development of innovative technology solutions supporting IRS-wide revenue protection strategies.

Description of FY 2021 Performance – Exam

The Examination program provides taxpayers top quality service by helping them understand and meet their tax responsibilities and by applying the tax law with integrity and fairness. The performance metrics IRS uses to gauge the Examination program's performance are discussed below.

To highlight IRS's strategic direction, focusing on large businesses, high-income taxpayers, and partnerships, and to complement the inclusion of "in process" examinations in the IRS Data Book, three new indicators were developed for FY 2021 reporting. These new indicators allow IRS to track the progress of examinations throughout the year, allowing for a direct and clear picture of IRS activities. Some examinations close within a year while others take several years to close. These indicators focus on starts rather than closures which provide a better view of where resources are being applied in the current fiscal year.

Exam Starts – High Income Individuals indicator was created for FY 2021 reporting to monitor resources associated with examinations of individual return filers reporting over $10M of Total Positive Income (TPI).

	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Exam Starts – High-Income Individuals[1]	1,941	2,307	2,108	2,693	2,227

[1] New indicator added for FY 2021; historical data provided for comparative purposes.

While continuing to allocate resources to work the exams started in prior fiscal years, the IRS started 2,227 new High-Income Individual tax return examinations in FY 2021. Throughout the year, the IRS will monitor resources, work in-progress and planned starts while continuing to devote senior level staff to train new hires.

Exam Starts – Partnership's indicator was created for FY 2021 reporting to monitor resources associated with the examination of Partnership returns.

	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Exam Starts – Partnerships[1]	10,221	9,033	5,823	4,106	4,327

[1] New indicator added for FY 2021; historical data provided for comparative purposes.

While continuing to allocate resources to work the exams started in prior fiscal years, the IRS started 4,327 new Partnership tax return examination in FY 2021. Compared to the same period in FY 2020, Exam Starts-Partnerships increased 4.5 percent. Projected examinations are trending downward due to other competing priorities and training of new hires.

Exam Starts – Large Corporations indicator was created for FY 2021 reporting to monitor resources associated with examinations of large corporate returns reporting assets of $250 million and above.

	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Exam Starts – Large Corporations[1]	2,577	2,396	2,009	1,700	1,490

[1] New indicator added for FY 2021; historical data provided for comparative purposes.

While continuing to allocate resources to work the exams started in FY 2020, the IRS started 1,490 new Large Corporation tax return examinations in FY 2021. Projected examinations are trending slightly downward due to other priority work and the training of new hires.

Exam Efficiency – Individual is the sum of all individual 1040 returns closed divided by the total FTE expended in relation to those individual returns. While total exam closures and FTEs increased 48.3 percent and 2.4 percent, in FY 2021, compared to FY 2020, Exam Efficiency – Individual was 108, falling short of the 111 target. Based on prior year hiring and the most current FTE data available, the IRS lowered the target to 100 for FY 2022 as qualified Exam staff will be reassigned to work unprecedented correspondence inventory levels. The FY 2023 target is set at 114 as inventory is expected to go back to normal. The IRS will closely monitor starts and inventory levels to ensure the targets are met.

Time to Start[1]	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Collection	86.2%	86.7%	80.1%	85.6%	86.0%
Bal Due	90.1%	90.3%	90.5%	90.2%	88.0%
Automated Underreporter (AUR)	0.1%	0.1%	0.1%	0.1%	0.0%
Exam	40.9%	41.8%	39.3%	39.3%	52.0%
Total	**58.8%**	**60.1%**	**60.9%**	**66.3%**	**66.0%**

[1]New indicator added for FY 2020; historical data provided for comparative purposes.

Time to Start Compliance Resolution is the percentage of all individual income tax enforcement cases started within six months of the return posting date. This indicator reflects the effect of expedited issue detection and more integrated enforcement approaches. It supports expedited document matching, enhanced anomaly detection leading to faster issue identification, and data and analytics to improve issue identification and treatment selection. While the percent of individual enforcement cases started within 6 months was 66 percent, which is consistent with FY 2021 and much higher than previous years, the percent of Exam cases started showed a significant increase of 32 percent (39.3 percent vs. 52.0 percent), compared to Collection and AUR cases.

Time to Resolve[1]	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Collection: Bal due notice	379	368	330	400	286
Collection: non-notice	650	755	373	345	491
AUR	556	581	602	618	756
Exam	507	502	551	597	626
Total	**491**	**494**	**469**	**491**	**484**

[1]New indicator added for FY 2020; historical data provided for comparative purposes.

Time to Resolve Compliance Issue After Filing is the median time it takes to close all individual income tax enforcement cases in days. This indicator reflects the complete life cycle from return filing to resolution. It also reflects the effect of process enhancements, such as new self-correction capabilities, including Online Account. It supports expedited document matching and enhanced anomaly detection, which will lead to faster issue identification. For FY 2021, the overall Time to Resolve Compliance Issue After Filing was 484 days, with the time to resolve Collection cases with balance due notices showing the most significant reduction as taxpayers may have used the Economic Impact Payments and Additional Child Tax Credit to pay down debt.

Repeat Non-Compliance Rate[1]	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Reporting	7.3%	7.4%	7.7%	8.1%	5.5%
Filing	39.1%	38.1%	39.8%	43.9%	39.6%
Payment	30.0%	30.5%	29.9%	28.6%	29.0%
Total	**29.2%**	**30.0%**	**31.4%**	**35.6%**	**30.7%**

[1]New indicator added for FY 2020; historical data provided for comparative purposes.

Repeat Non-Compliance Rate measures the percentage of individual taxpayers with repeat non-compliance two years after the initial tax year for filing, payment, or reporting compliance. This indicator supports expedited document matching, enhanced anomaly detection leading to faster issue identification, and Enterprise Case Management. It also promotes improved customer service through expanded access to new self-correction capabilities and improved behavioral analytics. It allows the IRS to better understand and change non-compliant taxpayer behavior. For FY 2021, the Repeat Non-Compliance Rate was 30.7 percent compared to 35.6 percent for FY 2020.

Description of FY 2021 Performance – Collection

The Collection program collects delinquent taxes, secures delinquent tax returns through the fair and equitable application of tax laws, and provides education to customers to promote future compliance. The performance goals that the IRS uses to gauge collection program performance are discussed below.

The Collection Coverage measure is calculated by taking the total volume of collection work completed divided by total collection work available. Collection Coverage was 41.2 percent, exceeding the FY 2021 target of 33 percent. The increase is attributed to net dispositions increasing 32.5 percent while total available inventory grew 12.3 percent from FY 2020, to more than 53 million. Based on the need to reassign qualified Collection staff to work the unprecedented inventory caused by the COVID-19 pandemic, the target will be set at 36.5 percent for FY 2022 and 32.1 percent for FY 2023.

The Cost to Collect to $100 is computed as total operating costs divided by gross collection and then multiplied by 100. Total operating costs include dollars obligated, expended, and disbursed against appropriated funds; excluded are costs reimbursed by other federal agencies and private entities for services performed for these external parties. Gross collections are before refunds are issued and include penalties and interest in addition to taxes collected. The FY 2021 Cost to Collect $100 was 33 cents, compared to 35 cents for FY 2020. Total operating costs were approximately $13.7 billion while gross collections were approximately $4.1 trillion. Operational efficiencies and economic activity contributed to the lower cost to collect.

FY 2023 Changes by Budget Activity

Dollars in thousands

Exam and Collections	FTE	Amount
FY 2022 Annualized CR (ACR)	**31,615**	**$4,160,748**
Changes to Base:		
Maintaining Current Levels (MCLs)		**$169,465**
Pay Annualization (2.7% average pay raise)		27,100
Pay Raise (4.6% average pay raise)		139,447
Non-Pay		2,918
Base Adjustment	**318**	**206,676**
Adjustment to Reach Current Operating Levels	318	$206,676
Subtotal FY 2023 Changes to Base	**318**	**$376,141**
FY 2023 Current Services	**31,933**	**$4,536,889**
Program Increases:		
Putting Taxpayers First	129	48,365
Taxpayer Experience Strategy	*129*	*48,365*
Ensure Fairness of the Tax System	2,269	298,321
Subtotal FY 2023 Program Increases	**2,398**	**$346,686**
Total FY 2023 Request	**34,331**	**$4,883,575**
Dollar/FTE Change FY 2023 Request over FY 2022 ACR	2,716	$722,827
Percent Change FY 2023 Request over FY 2022 ACR	8.59%	17.37%

This table does not include the proposed technical adjustment that would move certain support activities from Operation Support and charge the full cost of certain mission activities to the Taxpayer Services and Enforcement appropriations. The adjustment would reduce the Operation Support appropriation by $709.5 million for rent and CFO adjustments and increase the Taxpayer Services appropriation by $298.9 million and the Enforcement appropriation by $410.7 million.

2.1.4 – Budget and Performance Report and Plan

Dollars in thousands

Exam and Collections Resource Level	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Annualized CR	FY 2023 Request
Appropriated Resources[1]	$3,901,041	$3,875,098	$3,907,290	$3,933,597	$3,987,323	$4,160,748	$4,883,575
Reimbursable Resources[2]	450	3,289	240	249	1,719	2,916	3,062
User Fees[2]			42	2,454		54	
Budget Activity Total	**$3,901,491**	**$3,878,387**	**$3,907,572**	**$3,936,300**	**$3,989,042**	**$4,163,718**	**$4,886,637**

[1]The FY 2016 - FY 2020 appropriated resources represents the approved operating plan including any inter-BAC transfers and inter-appropriation transfers.

[2]The FY 2016 - FY 2020 columns represent realized resources for reimbursables and user fees.

Exam and Collections Measures	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2021 Target	FY 2022 Target	FY 2023 Target
Exam Starts - High Income Individuals (new FY21) (Ot, L)[3]	1,941	2,307	2,108	2,693	2,227	Indicator	Indicator	Indicator
Exam Starts - Partnerships (new FY21) (Ot, L)[3]	10,221	9,033	5,823	4,106	4,327	Indicator	Indicator	Indicator
Exam Starts - Large Corporations (new FY21) (Ot, L)[3]	2,577	2,396	2,009	1,700	1,490	Indicator	Indicator	Indicator
Examination Efficiency - Individual (E)	121	131	109	76	108	111	100	114
Time to Start Compliance Resolution (new FY20) (E, L)[3]	58.8%	60.1%	60.9%	66.3%	66.0%	Indicator	Indicator	Indicator
Time to Resolve Compliance Issue After Filing (new FY20) (E,L)[3]	491	494	469	491	484	Indicator	Indicator	Indicator
Repeat Non-Compliance Rate (new FY20) (Oe, L)[3]	29.2%	30%	31.4%	35.6%	30.7%	Indicator	Indicator	Indicator
Collection Coverage - Units (Ot)	42.2%	41.6%	41.3%	34.9%	41.2%	33.0%	36.5%	32.1%
Cost to Collect $100 (E)	$0.34	$0.34	$0.33	$0.35	$0.33	Indicator	Indicator	Indicator

Key: Oe - Outcome Measure, E - Efficiency Measure, Ot - Output/Workload Measure, and L - Strategic Goal Measure

[3]Historical data provided for comparison.

2E – Regulatory

($192,953,000 in direct appropriations and an estimated $866,000 from reimbursable programs): This budget activity funds the development of published IRS guidance materials; interpretation of tax laws; internal advice to IRS on general non-tax legal issues; enforcement of regulatory rules, laws, and approved business practices; and support for taxpayers in the areas of pre-filing agreements, determination letters, and advance pricing agreements. The activities include:

- Tax Law Interpretation and Published Guidance interprets tax law through published guidance, technical advice, and other technical legal services.
- General Legal Services provides advice to the IRS on non-tax legal issues, including procurement, personnel, labor relations, equal employment opportunity, fiscal law, tort claims and damages, ethics, and conflict of interest.
- Rulings and Agreements applies the tax law to specific taxpayers in the form of pre-filing agreements, determination letters, advance pricing agreements, and other pre-filing determinations and advice.
- International Regulatory Legal Support supports Counsel's work in tax law interpretation and rulings and agreements related to international issues.
- Return Preparer Strategy provides staffing, training, and direct support associated with the Return Preparer Strategy.
- Office of Professional Responsibility identifies, communicates, and enforces Treasury Circular 230 standards of competence, integrity, and conduct of those who represent taxpayers before the IRS, including attorneys, Certified Public Accountants (CPAs), enrolled agents, enrolled actuaries and appraisers, and other professionals.

Description of FY 2021 Performance - Regulatory

In FY 2021, IRS published 196 items: 136 Priority Guidance Plan (PGP) projects and 60 ministerial rulings. Ministerial projects are publications that only involve ministerial matters (such as applicable federal interest rates and monthly bond factor amounts). They are usually published on an annual basis. Many items published in FY 2021 involved complex and novel issues. For example, two of the published items pertain to a provision added by the Tax Cuts and Jobs Act (TCJA) creating the deduction for qualified business income and how that applies to cooperative organizations. Another item addressed the new unrelated business income tax provision of the TCJA providing that the tax will be computed separately for each trade or business. Over one hundred items were published to implement the Families First Coronavirus Response Act (FFCRA), the Coronavirus Aid, Relief, and Economic Security Act (CARES), the Consolidated Appropriations Act, 2021, and the American Rescue Plan Act (ARPA) and provided relief in response to the COVID-19 pandemic emergency, including several items relating to employer tax credits - the Credit for Sick and Family Leave, the Employee Retention Credit, and Paid Leave Credit for Vaccines. The 2021-2022 PGP, published on September 9, 2021, and covering July 2021 through June 2022, lists 193 projects.

The Office of Professional Responsibility (OPR) remains firmly committed to educating tax professionals about their responsibilities and limitations under Circular 230, and their ethical obligations to taxpayers and tax administration. During Fiscal Year 2021, the OPR's primary education and outreach efforts were directed at minimizing the number of practitioners who diverted from their ethical obligations. To the extent practitioners failed to adhere to the tax practice ethics, the OPR timely applied the appropriate level of discipline that put the practitioner back-on-track regarding competence and integrity in their tax practice.

The OPR performed its outreach activities through presentations conducted in-person and virtually through on-line webinars, telephonically, and via video conferencing platforms. The OPR educated tax professionals (mainly tax return preparers) about Circular 230 provisions at numerous events, including the IRS Nationwide Tax Forums. The Nationwide Tax Forums are an integral part of OPR's external outreach efforts as thousands of tax professionals attend these forums. These outreach events helped ensure taxpayers received competent and ethical representation before the agency.

FY 2023 Changes by Budget Activity

Dollars in thousands

Regulatory	FTE	Amount
FY 2022 Annualized CR (ACR)	**1,024**	**$176,595**
Changes to Base:		
Maintaining Current Levels (MCLs)		**$7,264**
Pay Annualization (2.7% average pay raise)		1,173
Pay Raise (4.6% average pay raise)		6,033
Non-Pay		58
Base Adjustment	**10**	**5,504**
Adjustment to Reach Current Operating Levels	10	$5,504
Subtotal FY 2023 Changes to Base	**10**	**$12,768**
FY 2023 Current Services	**1,034**	**$189,363**
Program Increases:		
Putting Taxpayers First	14	2,437
Taxpayer Experience Strategy	*14*	*2,437*
Ensure Fairness of the Tax System	5	1,153
Subtotal FY 2023 Program Increases	**19**	**$3,590**
Total FY 2023 Request	**1,053**	**$192,953**
Dollar/FTE Change FY 2023 Request over FY 2022 ACR	29	$16,358
Percent Change FY 2023 Request over FY 2022 ACR	2.83%	9.26%

This table does not include the proposed technical adjustment that would move certain support activities from Operation Support and charge the full cost of certain mission activities to the Taxpayer Services and Enforcement appropriations. The adjustment would reduce the Operation Support appropriation by $709.5 million for rent and CFO adjustments and increase the Taxpayer Services appropriation by $298.9 million and the Enforcement appropriation by $410.7 million.

2.1.5 – Budget and Performance Report and Plan

Dollars in thousands

Regulatory Resource Level	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Annualized CR	FY2023 Request
Appropriated Resources[1]	$131,662	$170,222	$174,624	$157,374	$132,506	$176,595	$192,953
Reimbursable Resources[2]	160	593	412	252	222	825	866
User Fees[2]	9,537						
Budget Activity Total	**$141,359**	**$170,815**	**$175,036**	**$157,626**	**$132,728**	**$177,420**	**$193,819**

[1]The FY 2017 - FY 2021 appropriated resources represents the approved operating plan including any inter-BAC transfers and inter-appropriation transfers.

[2]The FY 2017 - FY 2021 columns represent realized resources for reimbursables and user fees.

Operations Support

Appropriation Description

The Operations Support appropriation as currently defined - funds rent payments; facilities services; printing; postage; physical security; headquarters policy and management activities such as corporate support for strategic planning; communications and liaison; finance; human resources; equity, diversity, and inclusion; research and statistics of income; and necessary expenses for information systems and telecommunication support, including development, security, and maintenance of the IRS's information systems.

The Operations Support budget request for FY 2023 is $4,543,268,000 in direct appropriations and 11,923 FTE, excluding the proposed technical adjustment. This is an increase of $615,166,000 or 15.66 percent, and 291 FTE more than the FY 2022 ACR level of $3,928,102,000 and 11,631 FTE.

2.1 – Budget Adjustments Table

Dollars in thousands

Operations Support Summary of Proposed FY 2023 Request	FTE	Amount
FY 2022 Annualized CR (ACR)	**11,631**	**$3,928,102**
Changes to Base:		
Maintaining Current Levels (MCLs)		**$119,339**
Pay Annualization (2.7% average pay raise)		12,812
Pay Raise (4.6% average pay raise)		65,928
Non-Pay		40,599
Base Adjustment		**$115,991**
Adjustment to Reach Current Operating Levels		115,991
Subtotal FY 2023 Changes to Base		**$235,330**
FY 2023 Current Services	**11,631**	**$4,163,432**
Program Changes:		
Program Increases		
Putting Taxpayers First	229	146,805
User Authentication		
Taxpayer Experience Strategy	*229*	*146,805*
Ensure Fairness of the Tax System	20	98,396
Enhance Taxpayer Service		84,945
Critical IT Operations	36	39,521
Focused Strategies for Reaching Underserved Communities	7	10,169
Subtotal FY 2023 Program Increases	**292**	**$379,836**
Total FY 2023 Budget Request	**11,923**	**$4,543,268**

See footnotes in 1.1 -- Appropriations Detail Table

This table does not include the proposed technical adjustment that would move certain support activities from Operation Support and charge the full cost of certain mission activities to the Taxpayer Services and Enforcement appropriations. The adjustment would reduce the Operation Support appropriation by $709.5 million for rent and CFO adjustments and increase the Taxpayer Services appropriation by $298.9 million and the Enforcement appropriation by $410.7 million.

2.2 – Object Classification Obligations

Dollars in thousands

Operations Support Object Classification	FY 2021 Operating Plan	FY 2022 Annualized CR	FY 2023 Request
11.1 Full-Time Permanent Positions	1,339,823	1,346,193	1,433,106
11.3 Other than Full-Time Permanent Positions	5,350	4,861	5,062
11.5 Other Personnel Compensation	33,940	40,005	43,150
11.8 Special Personal Services Payments	181	750	781
11.9 Personnel Compensation (Total)	**1,379,294**	**1,391,809**	**1,482,099**
12.1 Personnel Benefits	483,805	506,294	537,789
13.0 Benefits to Former Personnel	30	36	38
Total Personnel and Compensation Benefits	**$1,863,129**	**$1,898,139**	**$2,019,926**
21.0 Travel	7,938	9,026	11,925
22.0 Transportation of Things	14,036	14,669	16,012
23.1 Rental Payments to GSA	579,736	609,019	634,381
23.2 Rent Payments to Others	6,914	37	38
23.3 Communications, Utilities, & Misc.	311,545	291,154	338,662
24.0 Printing & Reproduction	19,746	19,656	22,269
25.1 Advisory & Assistance Services	638,496	428,418	643,673
25.2 Other Services	29,188	32,621	51,210
25.3 Purchase of Goods & Services from Govt. Accounts	56,744	69,013	76,711
25.4 Operation & Maintenance of Facilities	199,037	202,776	223,729
25.6 Medical Care	14,972	17,605	20,045
25.7 Operation & Maintenance of Equipment	66,088	44,227	53,530
26.0 Supplies and Materials	7,240	5,143	7,370
31.0 Equipment	255,972	239,949	346,253
32.0 Land and Structures	32,645	45,987	76,858
42.0 Insurance Claims & Indemnities	676	663	676
Total Non-Personnel	**$2,240,973**	**$2,029,963**	**$2,523,342**
New Appropriated Resources	**$4,104,102**	**$3,928,102**	**$4,543,268**
Budget Activities:			
Infrastructure	886,713	918,659	1,039,852
Shared Services & Support	1,024,654	1,109,740	1,200,105
Information Services	2,192,735	1,899,703	2,303,311
New Appropriated Resources	**$4,104,102**	**$3,928,102**	**$4,543,268**
FTE	**12,037**	**11,631**	**11,923**

See footnotes in 1.1 -- Appropriations Detail Table

Note 1: This table does not include the proposed technical adjustment that would move certain support activities from Operations Support and charge the full cost of certain mission activities to the Taxpayer Services and Enforcement appropriations. The adjustment would reduce the Operations Support appropriation by $709.5 million for rent and CFO adjustments and increase the Taxpayer Services appropriation by $298.9 million and the Enforcement appropriation by $410.7 million.

Note 2: This table does not include the $15 million in the Families First Coronavirus Response Act (FFCRA) (P.L. 116-127), $750.7 million under the Coronavirus Aid, Relief, and Economic Security (CARES) Act (P.L. 116-36), the $509 million provided in the Consolidated Appropriations Act, 2021 (P.L. 116-260), the $1.86 billion provided by the American Rescue Plan (ARP) (P.L. 117-2)

2.3 – Appropriation Detail Table

Dollars in thousands

Operations Support Appropriated Resources	FY 2021 Operating Plan		FY 2022 Annualized CR		FY 2023 Request		Change FY 2022 to FY 2023 Request		% Change FY 2022 to FY 2023 Request	
	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT
New Appropriated Resources:										
Infrastructure		886,713		918,659		1,039,852		121,193		13.19%
Shared Services and Support	5,122	1,024,654	5,067	1,109,740	5,183	1,200,105	116	90,365	2.29%	8.14%
Information Services	6,915	2,192,735	6,564	1,899,703	6,740	2,303,311	176	403,608	2.68%	21.25%
Subtotal New Appropriated Resources	**12,037**	**$4,104,102**	**11,631**	**$3,928,102**	**11,923**	**$4,543,268**	**292**	**$615,166**	**2.51%**	**15.66%**
Other Resources:										
Reimbursables	79	55,072	76	55,000	80	57,751	4	2,751	5.26%	5.00%
Offsetting Collections - Non Reimbursables		258								
User Fees	10	408,054	15	335,410	15	261,833		(73,577)		-21.94%
Recovery from Prior Years		11,849		5,218		5,218				
Recoveries Paid				26		26				
Unobligated Balances from Prior Years	166	178,232	28	540,897	41	214,869	13	(326,028)	46.43%	-60.28%
Transfers In/Out										
Resources from Other Accounts	2	24,428	27	28,292	34	37,602	7	9,310	25.93%	32.91%
Subtotal Other Resources	**257**	**$677,893**	**146**	**$964,843**	**170**	**$577,299**	**24**	**($387,544)**	**16.44%**	**-40.17%**
Total Budgetary Resources	**12,294**	**$4,781,995**	**11,777**	**$4,892,945**	**12,093**	**$5,120,567**	**316**	**$227,622**	**2.68%**	**4.65%**

See footnotes in 1.1--Appropriations Detail Table

The new appropriated resources in this table do not include the proposed technical adjustment that would move certain support activities from Operation Support and charge the full cost of certain mission activities to the Taxpayer Services and Enforcement appropriations. The adjustment would reduce the Operation Support appropriation by $709.5 million for rent and CFO adjustments and increase the Taxpayer Services appropriation by $298.9 million and the Enforcement appropriation by $410.6 million.

2F – Infrastructure

($1,039,852,000 in direct appropriations and an estimated $1,041,000 from reimbursable programs): This budget activity funds administrative services related to space and housing, rent and space alterations, building services, maintenance, guard services, and non-IT equipment. The program activities include:

- Building Delegation oversees and manages the IRS GSA-delegated buildings, including cleaning, maintenance, utilities, protection, administrative, and recurring and one-time repair costs.
- Rent provides resources for all IRS rent needs.
- Space and Housing/Non-IT Equipment provides management of all IRS building services, maintenance, space alterations, guard services, custodial overtime, utility service needs, and non-IT equipment.
- Security covers all physical security costs, including guard services, security equipment and maintenance, countermeasures, Homeland Security Presidential Directive 12 (HSPD-12) and Treasury Enterprise Identity Credential and Access Management (TEICAM).

Description of FY 2021 Performance - Infrastructure

Rent

The **Rentable Square Feet per Person** indicator is the amount of rentable square feet the IRS maintains per person requiring space. After payroll, rent is the IRS's largest operating expense; therefore, the IRS continues to take steps to reduce its total office space. Through FY 2021, the Rentable Sq. Ft. per Person was 278 -- the same level as FY 2020. Rentable Square Feet per Person is driven in the positive direction by either a decrease in square footage, increase in staffing or a combination of both. In FY 2021 there was a slight decrease in both staffing and rentable square footage, leaving Rentable Square Feet per Person unchanged. The IRS continues to release excess office space through building closures and consolidations; more than two million rentable square feet has been released since FY 2017. The IRS continues to look to incorporate new hires into existing space, where possible. The IRS target for FY 2022 is 270 sq. ft. and the FY 2023 target is 260 sq. ft.

Security and Safety

Security of IRS facilities and providing a secure and safe environment for employees are of utmost importance to the IRS. In FY 2021, the IRS worked diligently to implement a physical security strategy, which included the accomplishment of four goals:

- Providing security related tools, training, mechanisms, and processes to improve workforce effectiveness, agility, and retention;
- Implementing and monitoring the effectiveness of physical security policies, procedures, and internal controls by crafting effective management tools to ensure appropriate monitoring of all aspects of the physical security programs;
- Recognizing varying levels of security related performance and ensured employee accountability;
- Coordinating among all the functional areas involved in physical security. The security related improvements reduced burden, enhanced monitoring efficiency and increased data reporting reliability of security programs for program owners and managers.

At the onset of the COVID-19 pandemic in March 2020, the IRS took unprecedented actions to protect the health and safety of its employees and the taxpaying public. This included closing Submission Processing Centers, Taxpayer Assistance Centers (TACs), and other offices nationwide. At the beginning of FY 2021, many employees remained on health and safety leave, resulting in a significant amount of unopened mail, tax return processing delays, and correspondence. By December 2020, the IRS had resumed normal mail operations, and by May 2021, TACs were open and accepting face-to-face appointments. The work performed at IRS Submission Processing Centers is not conducive to a remote telework environment.

Throughout FY 2021, the IRS continued to improve its workspace modifications to enhance safety in IRS facilities, which included increased and widespread availability of hand sanitizer, surface sanitizing/disinfecting wipes, and both disposable masks and reusable masks. IRS modified custodial contracts for the provision of additional and above standard cleaning services. Modifications were made to heating, ventilation, and air conditioning operations to increase outside air and filter efficiencies, where technically feasible, and installed acrylic shields in workstations, when required. IRS developed and posted specific pandemic signage and placed them outside IRS entrances to encourage employee COVID-19 symptom self-screening. IRS ensured appropriate spacing of seating in open work and public gathering areas to enforce social distancing, and limited occupancy in bathrooms; elevators; and meeting, training, and break rooms.

FY 2022 Changes by Budget Activity

Dollars in thousands

Infrastructure	FTE	Amount
FY 2022 Annualized CR (ACR)		**$918,659**
Changes to Base:		
Maintaining Current Levels (MCLs)		**$18,380**
Pay Annualization (2.7% average pay raise)		2
Pay Raise (4.6% average pay raise)		11
Non-Pay		18,367
Base Adjustment		
Adjustment to Reach Current Operating Levels		
Subtotal FY 2023 Changes to Base		**$18,380**
FY 2023 Current Services		**$937,039**
Program Increases:		
Putting Taxpayers First		11,208
Taxpayer Experience Strategy		*11,208*
Ensure Fairness of the Tax System		42,231
Enhance Taxpayer Service		41,727
Critical IT Operations		1,044
Focused Strategies for Reaching Underserved Communities		6,603
Subtotal FY 2023 Program Increases		**$102,813**
Total FY 2023 Request		**$1,039,852**

Dollar/FTE Change FY 2023 Request over FY 2022 ACR	$121,193
Percent Change FY 2023 Request over FY 2022 ACR	13.19%

This table does not include the proposed technical adjustment that would move certain support activities from Operation Support and charge the full cost of certain mission activities to the Taxpayer Services and Enforcement appropriations. The adjustment would reduce the Operation Support appropriation by $709.5 million for rent and CFO adjustments and increase the Taxpayer Services appropriation by $298.9 million and the Enforcement appropriation by $410.7 million.

2.1.6 – Budget and Performance Report and Plan

Dollars in thousands

Infrastructure Resource Level	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Annualized CR	FY 2023 Request
Appropriated Resources[1]	$856,655	$870,360	$891,140	$867,354	$885,606	$918,659	$1,039,852
Reimbursable Resources[2]	634	662	681	747	854	991	1,041
User Fees[2]			999				
Budget Activity Total	**$857,289**	**$871,022**	**$892,820**	**$868,101**	**$886,460**	**$919,650**	**$1,040,893**

[1]The FY 2017 - FY 2021 appropriated resources represents the approved operating plan including any inter-BAC transfers and inter-appropriation transfers.

[2]The FY 2017 - FY 2021 columns represent realized resources for reimbursables and user fees.

Infrastructure Measure	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2021 Target	FY 2022 Target	FY 2023 Target
Rentable Square Feet per Person (Ot)	297	301	298	278	278	280	270	260

Key: Oe - Outcome Measure, E - Efficiency Measure, Ot - Output/Workload Measure, and L - Strategic Goal Measure

2G – Shared Services and Support

($1,200,105,000 in direct appropriations, and an estimated $31,919,000 from reimbursable programs): This budget activity funds policy management, IRS-wide support for research, strategic planning, communications and liaison, finance, human resources, and equity, diversity, and inclusion programs. It also funds printing and postage, business systems planning, security, legal services, and procurement. The program activities include:

- National Headquarters Management and Administration directs the management activities of strategic planning, communications and liaison, finance, human resources, equity, diversity and inclusion programs, business systems planning, embedded training, and the Treasury Franchise Fund. It sets policies and goals, provides leadership and direction for the IRS, and builds partner relationships with key stakeholders (Congress, GAO, and OMB). It provides policy guidance for conducting planning and budgeting strategies, conducting analyses of programs and investments to support strategic decision-making, and developing and managing human resources. It also includes official reception and representation expenses.
- Facilities Management & Security Services provides facilities and security services to deliver a safe, secure, and optimal work environment to IRS employees.
- Procurement supports the procurement function of the IRS.
- Equity, Diversity, and Inclusion Field Services provides staffing, training, and direct support to plan and manage the IRS's Equity, Diversity, and Inclusion program.
- Communications and Liaison coordinates local government and liaison relationships; handles congressional, state, and national stakeholder relationships and issues; coordinates cross-cutting issues, including managing audits and legislative implementation; handles national media contacts and local media relationships; and ensures IRS-wide compliance with disclosure and privacy laws.
- Employee Support Services plans and manages financial services, including relocation, travel, purchase cards, corporate express, and employee clearances.
- Treasury Complaint Centers plan and manage the Treasury Complaint centers.
- Shared Support not provided by Facilities Management & Security Services provides resources for shared cross-functional support, such as postage meters, shredders, courier services, and post office boxes.
- Printing and Postage – Media and Publications provides operating divisions with printing and postage, including shipping of taxpayer and internal-use materials.
- Statistics of Income provides resources for researching annual income, financial, and tax data from tax returns filed by individuals, corporations, and tax-exempt organizations.
- Research provides resources for market-based research to identify compliance issues, for conducting tests of treatments to address noncompliance, and for the implementation of successful strategies to address taxpayer noncompliance behavior.
- Protection of Sensitive Information manages and oversees the staffing, training, equipment, and direct support for the protection of IRS employees, facilities, and assets, and the protection and proper use of identity information.
- W&I Business Modernization Support provides staffing, training, and support for W&I's enterprise-wide business modernization efforts, including re-engineered business processes.
- Benefit Payments provides resources to fund Workers' Compensation benefits and Unemployment Compensation for federal employee payments.
- Shared Services provides additional services, such as the Public Transit Subsidy.

Description of FY 2021 Performance – Shared Services and Support

Through support activities that include management and administration of human resources, protection and use of identity information, and research, Operations Support continues to provide shared services to all IRS programs.

Human Capital

The future of the IRS depends on a workplace culture that empowers employees to improve the taxpayer experience and uphold the tax code fairly. In FY 2021, the IRS:

- **Administered a Future of Work Survey** to all employees that will aid IRS leadership with the development of a post-pandemic plan. Survey questions were chosen to gain insight on employee challenges regarding telework, returning to the office, resources, work/team collaborations and work/life balance.
- **Engaged employees throughout the year** using focus groups, virtual seminars, employee recognition, surveys, enhanced Public Service Recognition Week programming and launched a virtual idea wall. Online learning courses and Self-Help Online Tutorial (SHOT) videos relating to employee engagement were created as tools for employees and leadership.
- **Developed and deployed** strategies to ensure it is well-positioned to recruit, hire, train, support and retain a highly skilled workforce needed to achieve the IRS mission. One example is a deliberate rebranding including marketing and recruitment strategies through social media, student and graduate programs and collaboration with unemployment offices, educational institutions, and federal employment programs to prepare for anticipated hiring needs.

Protection and Proper use of Identity Information

The Security Summit, a public-private sector partnership between the IRS, state revenue departments, software developers, tax professionals, and financial services groups, is now in its sixth year of establishing repetitive iterative processes that support taxpayer security initiatives. During FY 2021, the Security Summit focused on reducing taxpayer burden and improving tax identity theft detection through exploring added collaborative efforts with the Information Sharing and Analysis Center (ISAC) and opportunities with stakeholders to further combat tax identity theft and fraud. The IRS made significant progress through collaboration and enhancements to its tax identity theft detection processes. Since partnering with the Security Summit, the IRS has prevented more identity theft than in previous years and as a result, its data analytics are detecting fewer fraudulent refund claims.

Research

The IRS invests in Service-wide research projects to help its leaders make data and evidence-driven improvements to IRS operations and taxpayer services. In FY 2021, the IRS:

- **Began an enterprise initiative** utilizing the OPM Five-Phase Workforce Planning Model methodology to proactively develop workforce planning projections. This supports the development of a holistic view of planned IRS workforce requirements. As a result, the IRS will have the ability to analyze organizational workforce projections to support the development of comprehensive FY 2022 recruitment and hiring strategies.
- **Applied** analytics to multiple source datasets in response to COVID-19 to develop data solution tools that enabled IRS stakeholders to make data-informed decisions, meet their reporting requirements, facilitate accomplishment of workload, maximize employee safety efforts, and pay employees appropriately. This allowed the IRS to rapidly respond to the unfolding pandemic and emerging needs.

- **Implemented the Documentation Upload Tool** which is a platform that allows taxpayers a secure method to submit their response form and supporting documentation in response to an Automated Questionable Credit (AQC) notice. The IRS delivered functionality within just 19 days to create an electronic mailroom feature for the AQC program.
- **Analyzed** historical examination results and return data to select work based on measurable criteria. Access to new visualization tools, which are becoming an industry standard, are being provided to our managers and analysts to make it easier to identify opportunities to enhance our operations. The IRS continued efforts to incorporate the use of automated technologies such as Robotics Process Automation (RPA) to improve process efficiencies in workload selection.
- **Received** thousands of survey responses to the inaugural 2020 Customer Experience, Expectations and Needs (CEEN) Survey. The survey covered topics such as tax filing, employment taxes, trust with the IRS, and needs for compliant tax administration. The survey was designed to help the IRS understand the expectations, needs and preferences of small business owners and self-employed taxpayers. Insights gained were from gig workers, Spanish-preferred taxpayers, and new small business owners. The CEEN survey is groundbreaking for the IRS and the results are foundational research for all IRS programs seeking to improve interactions with taxpayers.
- **Strengthened partnerships** with the Department of Treasury to better utilize the Enterprise Data Management system, which organizes data from disparate systems to provide consolidated analytics and reporting.
- **Combining tax expertise with data science principles**, IRS is building risk assessment algorithms that will improve the IRS's ability to identify potential high-risk compliance issues across complex pass-through entity tax structures.
- **Moving forward with its digitalization strategy.** The strategy allows flexibility within inventory management, electronic workflows, and business continuity. Benefits include new digital channel options that enhance the portability of work and leverage resources across the Service. Additionally, the strategy allows for seamless access to taxpayer imaged cases without additional burdens on the taxpayer to provide documents. This transparency reduces risk for both taxpayers and the IRS.

FY 2022 Changes by Budget Activity

Dollars in thousands

Shared Services and Support	FTE	Amount
FY 2022 Annualized CR (ACR)	**5,067**	**$1,109,740**
Changes to Base:		
Maintaining Current Levels (MCLs)		**$38,001**
Pay Annualization (2.7% average pay raise)		4,966
Pay Raise (4.6% average pay raise)		25,555
Non-Pay		7,480
Base Adjustment		
Adjustment to Reach Current Operating Levels		
Subtotal FY 2023 Changes to Base		**$38,001**
FY 2023 Current Services	**5,067**	**$1,147,741**
Program Increases:		
Putting Taxpayers First	89	22,138
Taxpayer Experience Strategy	*89*	*22,138*
Ensure Fairness of the Tax System	20	23,164
Enhance Taxpayer Service		6,012
Critical IT Operations		86
Focused Strategies for Reaching Underserved Communities	7	964
Subtotal FY 2023 Program Increases	**116**	**$52,364**
Total FY 2023 Request	**5,183**	**$1,200,105**

Dollar/FTE Change FY 2023 Request over FY 2022 ACR	116	$90,365
Percent Change FY 2023 Request over FY 2022 ACR	2.29%	8.14%

This table does not include the proposed technical adjustment that would move certain support activities from Operation Support and charge the full cost of certain mission activities to the Taxpayer Services and Enforcement appropriations. The adjustment would reduce the Operation Support appropriation by $709.5 million for rent and CFO adjustments and increase the Taxpayer Services appropriation by $298.9 million and the Enforcement appropriation by $410.7 million.

2.1.7 – Budget and Performance Report and Plan

Dollars in thousands

Shared Services and Support	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Resource Level	Actual	Actual	Actual	Actual	Actual	Annualized CR	Request
Appropriated Resources[1]	$964,702	$920,283	$900,287	$961,999	$1,040,955	$1,109,740	$1,200,105
Reimbursable Resources[2]	19,194	27,995	30,360	27,368	27,874	30,399	31,919
User Fees[2]	1,000	1,000					
Budget Activity Total	**$984,896**	**$949,278**	**$930,647**	**$989,367**	**$1,068,829**	**$1,140,139**	**$1,232,024**

[1]The FY 2017 - FY 2021 appropriated resources represents the approved operating plan including any inter-BAC transfers and inter-appropriation transfers.

[2]The FY 2017 - FY 2021 columns represent realized resources for reimbursables and user fees.

2H – Information Services

($2,303,311,000 in direct appropriations, $24,791,000 in reimbursable resources, and $261,833,000 from user fees): This budget activity funds staffing, equipment, and related costs to manage, maintain, and operate the information systems critical to the support of tax administration programs. This includes the design and operation of security controls and disaster recovery planning. This budget activity funds the development and maintenance of the millions of lines of programming code that support all aspects and phases of tax processing and the operation and administration of mainframes, servers, personal computers, networks, and a variety of management information systems. The program activities include:

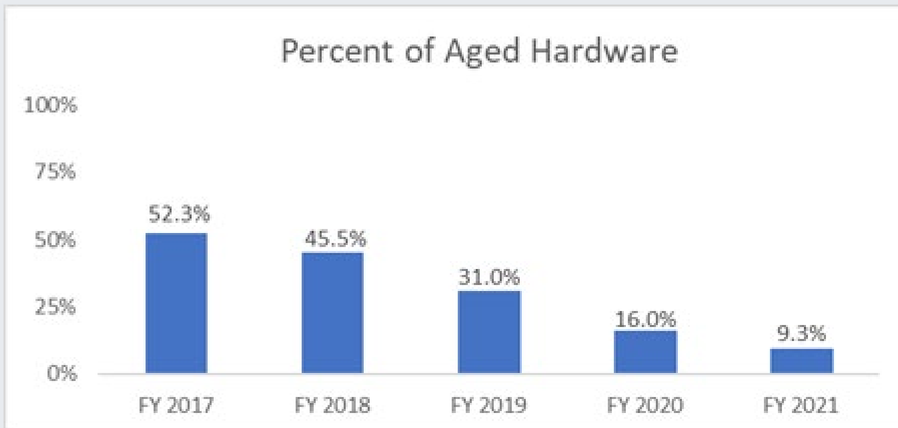
- Enterprise Program Management Office (EPMO) provides oversight and project integration into daily IT processes for large-scale development, modernization, and enhancement projects. It enables a coordinated, cross-functional project planning, implementation and performance assessment effort aimed at improving IT systems quality, cost, and delivery schedule.
- Cybersecurity protects Taxpayer information and the Internal Revenue Service's electronic systems, services, and data from internal and external cyber security related threats. The program operates a 24x7x365 Computer Security Incident Response Center (CSIRC) to provide detection, prevention, monitoring, analysis, and reporting of security incidents and threats. The program reduces online fraud and prevents critical data loss. It is responsible for performing security risk assessments, tracking compliance, monitoring security risk remediation activities, performing comprehensive security control testing, managing the system certification and accreditation process, and coordinating the enterprise continuous monitoring process. The program also provides security policy management and interpretation, delivers security engineering services, and implements cybersecurity and data protection solutions.
- Management Services provides for the design, development, delivery, and evaluation of a wide range of human resource programs for the IT organization. These programs include workforce planning, recruitment and retention, career management, performance management, labor/employee relations, position management, workplace improvement, succession management and service-wide IT training and education.
- National Headquarters (NHQ) IT Management provides for the management and oversight of investments in IT for the Chief of Staff and Research, Analysis and Statistics (RAS). The program allows NHQ to manage and leverage IT solutions that are responsive to IRS-wide management, tax compliance, enforcement, and strategic and tactical research projects.
- Affordable Care Act – Project Management Office (PMO) manages the strategic planning, development, and implementation of new information systems in support of business requirements with regard to the healthcare reform initiative.
- IT Executive Oversight provides support to the immediate Office of the Chief Technology Officer, as well as the direct reports for Equity, Diversity and Inclusion, and the Director, Stakeholder Management (including Communications Services and Program Oversight). The program provides executive direction for the IT organization, enabling IT to be a customer-focused supplier of IT solutions that are responsive to customer business priorities and meet functional and operational needs effectively.
- Applications Development performs the analysis, design, development, testing, and implementation of approximately 85,000 application programs supporting critical tax processing, management information reporting and financial management support systems for the IRS. This program also supports external trading partner data exchanges with federal government agencies, state and local governments, and other third-party entities. The program controls application source code and deploys applications to the production environment.

- Enterprise Operations designs, develops, and maintains IT that supports critical tax processing, management information reporting and financial management support systems for the IRS. The program supports data exchanges with external organizations, such as other federal agencies, state and local governments, and external entities (e.g., employers and banks), and includes a comprehensive disaster recovery capability to ensure continued operations in the event of a major interruption of service.
- Enterprise Network provides telecommunications service delivery to all customer segments, including management of day-to-day operations of the telecommunications environment. This includes the operation of equipment and services to meet business user needs and the execution of routine changes for scheduled and unscheduled modifications to the telecommunications infrastructure and applications. It addresses all phases of engineering, acquisition, implementation, and operation of telecommunications systems and services, including voice, video, and data communications.
- Enterprise Services plans and manages service and delivery methods used across the IT organization, including demand analysis, enterprise architecture, configuration management, project reporting, enterprise life cycle management, release management, systems engineering, dashboard reporting, and internal management.
- End User & Network Services maintains the IRS automated business processes at headquarters and field sites, effectively allowing the IRS to fulfill its missions. The support includes technical systems and applications software support to end users, maintaining legacy operations, local and corporate systems administration activities, email, and domain user account maintenance. This activity monitors IRS network and systems administration by utilizing automated management tools. It performs asset management activities, and maintenance of the voice and data infrastructure at the territory offices.
- Strategy and Planning provides the management and oversight of investments in IT, demand analysis, project reporting, portfolio management and other IT operational priorities.
- Information Technology Security Certification and Accreditation provides design and operations of security controls and the technical mechanisms used by the IRS systems and applications as part of the development of the system security plan, system risk assessment, and IT contingency plan. It also supports security testing and evaluation as part of the certification process, including time preparing system documentation, interviewing contractors, and responding to information requests.
- Disaster Recovery supports activities related to Enterprise Disaster Recovery planning, including testing, evaluations, plan development, and technical and business impact assessments.
- Infrastructure Currency (IC) funds the upgrade or replacement of outdated and aged technology solutions related to the IT hardware, software, and applications development product portfolio. The IC program gathers and assesses infrastructure risk to determine mitigation strategies supporting IT software currency. The IC program, through continuous IT currency management, coordinates the development and subsequent maintenance of the integrated IT asset planning and execution processes that increase the long-term sustainability of the IT infrastructure. By managing and maintaining the enterprise IT lifecycle, the IRS is able to reduce risk associated with the use of outdated and aged technology solutions and provide timely and continuous product upgrades.
- Enterprise Infrastructure Currency funds the replacement of IRS IT infrastructure that has reached or surpassed its useful life cycle. The IRS centralizes the resources achieved through efficiencies in various parts of IT to ensure that replacement of the aging infrastructure is addressed corporately.
- Treasury Franchise Fund is a centralized functional area for separating the resources required to pay Treasury billings for services provided through the Working Capital Fund from the Information Services base budget.

Description of FY 2021 Performance – Information Services

The **Percent of Aged Hardware** is a measure that shows the quantity of IT hardware in operation past its useful life as a percentage of total hardware in use. The IRS continued to make great progress reducing the percentage of aged hardware within the IT environment from 16 percent at the end of FY 2020 to 9.3 percent at the end of FY 2021. This represents a reduction of more than 8,000 aged assets during the fiscal year through efforts such as refreshing employee workstations. Since FY 2017, the IRS was able to reduce the percent of aged hardware more than 82 percent. For FY 2022 and FY 2023, the IRS will maintain the target at 20 percent. The industry standard for aged hardware is in the range of 20 – 25 percent. IRS will monitor progress against FY 2021 aged hardware replacement targets.

Figure 2.6



FY 2022 Changes by Budget Activity

Dollars in thousands

Information Services	FTE	Amount
FY 2022 Annualized CR (ACR)	**6,564**	**$1,899,703**
Changes to Base:		
Maintaining Current Levels (MCLs)		**$62,958**
Pay Annualization (2.7% average pay raise)		7,844
Pay Raise (4.6% average pay raise)		40,362
Non-Pay		14,752
Base Adjustment		**115,991**
Adjustment to Reach Current Operating Levels		115,991
Subtotal FY 2023 Changes to Base		**$178,949**
FY 2023 Current Services	**6,564**	**$2,078,652**
Program Increases:		
Putting Taxpayers First	140	113,459
Taxpayer Experience Strategy	*140*	*113,459*
Ensure Fairness of the Tax System		33,001
Enhance Taxpayer Service		37,206
Critical IT Operations	36	38,391
Focused Strategies for Reaching Underserved Communities		2,602
Subtotal FY 2023 Program Increases	**176**	**$224,659**
Total FY 2023 Request	**6,740**	**$2,303,311**
Dollar/FTE Change FY 2023 Request over FY 2022 ACR	176	$403,608
Percent Change FY 2023 Request over FY 2022 ACR	2.68%	21.25%

This table does not include the proposed technical adjustment that would move certain support activities from Operation Support and charge the full cost of certain mission activities to the Taxpayer Services and Enforcement appropriations. The adjustment would reduce the Operation Support appropriation by $709.5 million for rent and CFO adjustments and increase the Taxpayer Services appropriation by $298.9 million and the Enforcement appropriation by $410.7 million.

2.1.8 – Budget and Performance Report and Plan

Dollars in thousands

Information Services Resource Level	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Annualized CR	FY 2023 Request
Appropriated Resources[1]	$1,950,191	$2,390,357	$2,126,973	$1,972,916	$2,061,216	$1,899,703	$2,303,311
Reimbursable Resources[2]	35,307	40,600	27,153	36,456	26,344	23,610	24,791
User Fees[2]	201,584	204,032	222,399	374,671	408,054	335,410	261,833
Budget Activity Total	**$2,187,082**	**$2,634,989**	**$2,376,525**	**$2,384,043**	**$2,495,614**	**$2,258,723**	**$2,589,935**

[1]The FY 2017 - FY 2021 appropriated resources represents the approved operating plan including any inter-BAC transfers and inter-appropriation transfers.

[2]The FY 2017 - FY 2021 columns represent realized resources for reimbursables and user fees.

Information Services Measures	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2021 Target	FY 2022 Target	FY 2023 Target
Percent of Aged Hardware (Ot, L)	52.3%	45.5%	31.0%	16.0%	9.3%	20.0%	20.0%	20.0%

Key: Oe - Outcome Measure, E - Efficiency Measure, Ot - Output/Workload Measure, and L - Strategic Goal Measure

Business Systems Modernization

Appropriation Description

The Business Systems Modernization (BSM) appropriation provides resources for the planning and capital asset acquisition of IT to modernize the IRS business systems.

The BSM budget request for FY 2023 is $310,027,000 in direct appropriations and 412 FTE. This amount is an increase of $87,303,000 or 39.2 percent, and 104 FTE more than the FY 2022 ACR level of $222,724,000 and 308 FTE.

2.1 – Budget Adjustments Table

Business Systems Modernization Summary of Proposed FY 2023 Request	**FTE**	**Amount**
FY 2022 Annualized CR (ACR)	**308**	**$222,724**
Changes to Base:		
Maintaining Current Levels (MCLs)		**$5,730**
Pay Annualization (2.7% average pay raise)		401
Pay Raise (4.6% average pay raise)		2,061
Non-Pay		3,268
Base Adjustment		**3,430**
Adjustment to Reach Current Operating Levels		3,430
Subtotal FY 2023 Changes to Base		**$9,160**
FY 2023 Current Services	**308**	**$231,884**
Program Changes:		
Program Increases		
Integrated Modernization Business Plan	104	$78,143
Subtotal FY 2023 Program Increases	**104**	**$78,143**
Total FY 2023 Budget Request	**412**	**$310,027**

See footnotes in 1.1 -- Appropriations Detail Table

2.2 – Object Classification Obligations

Dollars in thousands

Business Systems Modernization Object Classification	FY 2021 Operating Plan	FY 2022 Annualized CR	FY 2023 Request
11.1 Full-Time Permanent Positions	37,340	43,387	51,320
11.3 Other than Full-Time Permanent Positions	30	178	204
11.5 Other Personnel Compensation	224	672	772
11.9 Personnel Compensation (Total)	**37,594**	**44,237**	**52,296**
12.1 Personnel Benefits	12,535	15,092	17,686
Total Personnel and Compensation Benefits	**$50,129**	**$59,329**	**$69,982**
21.0 Travel	411	381	104
25.1 Advisory & Assistance Services	163,522	160,802	235,072
25.2 Other Services			6
25.3 Purchase of Goods & Services from Govt. Accounts			2
25.7 Operation & Maintenance of Equipment	2,018	110	254
26.0 Supplies and Materials	2	12	6
31.0 Equipment	6,642	2,090	4,600
Total Non-Personnel	**$172,595**	**$163,395**	**$240,045**
New Appropriated Resources	**$222,724**	**$222,724**	**$310,027**
Budget Activities:			
IT Investments	222,724	222,724	310,027
New Appropriated Resources	**$222,724**	**$222,724**	**$310,027**
FTE	**394**	**308**	**412**

See footnotes in 1.1 -- Appropriations Detail Table

This table does not include the $15 million in the Families First Coronavirus Response Act (FFCRA) (P.L. 116-127), $750.7 million under the Coronavirus Aid, Relief, and Economic Security (CARES) Act (P.L. 116-36), the $509 million provided in the Consolidated Appropriations Act, 2021 (P.L. 116-260), the $1.86 billion provided by the American Rescue Plan (ARP) (P.L. 117-2)

2.3 – Appropriation Detail Table

Dollars in thousands

Business Systems Modernization Appropriated Resources	FY 2021 Operating Plan		FY 2022 Annualized CR		FY 2023 Request		Change FY 2022 to FY 2023 Request		% Change FY 2022 to FY 2023 Request	
	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT
New Appropriated Resources:										
Business Systems Modernization	394	222,724	308	222,724	412	310,027	104	87,303	33.77%	39.20%
Subtotal New Appropriated Resources	**394**	**$222,724**	**308**	**$222,724**	**412**	**$310,027**	**104**	**$87,303**	**33.77%**	**39.20%**
Other Resources:										
Reimbursables										
Offsetting Collections - Non Reimbursables										
User Fees		29,495								
Recovery from Prior Years		25		5,537				(5,537)		-100.00%
Recoveries Paid				193						
Unobligated Balances from Prior Years	3	28,935	16	205,039			(16)	(205,039)	-100.00%	-100.00%
Transfers In/Out										
Resources from Other Accounts										
Subtotal Other Resources	**3**	**$58,455**	**16**	**$210,769**			**(16)**	**($210,576)**	**-100.00%**	**-100.00%**
Total Budgetary Resources	**397**	**$281,179**	**324**	**$433,493**	**412**	**$310,027**	**88**	**($123,273)**	**27.16%**	**-28.48%**

See footnotes in 1.1--Appropriations Detail Table

2I – Business Systems Modernization

($310,027,000 in direct appropriations): This budget activity funds the planning and capital asset acquisition of information technology to modernize IRS business systems and processes, including labor and related contractual costs, in support of the IRS mission. The IRS is implementing its multiyear modernization plan to address the long-term sustainability and affordability of its technological environment, eliminating organizational silos, and driving efficiencies and cost savings throughout the enterprise. The plan defines the scope of capabilities, sets timelines, and targets, describes milestones, and includes outcome measures for each investment. BSM funds are strictly used for development, modernization and enhancement activities, and do not fund operations and maintenance once a project is developed. The following projects are currently under development using BSM funds:

- Web Applications ($30 million): The IRS will continue to expand online account capabilities to improve the taxpayer experience, enhancing self-service options to create and submit payment plans as well as to make and view tax payments. In addition, it will expand the Tax Pro effort benefiting authorized tax professionals with capabilities that modernize certain paper-based processes to help resolve issues with the IRS on behalf of their clients. In FY 2023, the IRS will continue to expand the Tax Pro capabilities to include the ability to view and manage authorizations and enable taxpayers to initiate new authorization requests. These capabilities will reduce taxpayer and tax professional burden, the number of submitted paper forms, and the time it takes to submit authorizations. Taxpayers and tax professionals also benefit from additional data accuracy and security since the process confirms and protects their identity. The IRS will continue to improve taxpayer access to digital notices, allowing taxpayers the choice to opt in or opt out of receiving paper notices and receive notifications through email or text message. This investment will increase taxpayer response rates to notices, reduce burden on taxpayers and the IRS, reduce printing and postage requirements, and promote more efficient interactions.
- Customer Account Data Engine 2 (CADE2) ($130 million) (Individual Tax Processing): Since the Individual Master File (IMF) was built almost 60 years ago, the IRS has made additions to legacy base code to reflect annual tax law changes. The result today is a complex system, with decades of tax law changes, written in outdated programming language that only an extremely small number of IRS personnel understand. Right now, the CADE 2 Program is in Transition State 2 (TS2) focused on the Individual Tax Processing Engine (ITPE) Project, which is

converting and thoroughly testing two of the most complex IMF tax processing components (i.e., Runs 12 and 15). This project will usher in a new period of modernized core tax processing for Individual Accounts. ITPE will also convert approximately 200,000 lines of legacy Assembly Language Code (ALC) to a modern software language. This code conversion is a major milestone towards retiring the Individual Master File (IMF). In FY 2023, funding will be used to continue the ITPE project's code conversion and testing activities. Upon completion, the ITPE project will provide the foundation for modernization efforts to retire remaining legacy components of the IMF. It will also address key technological defects of the IMF such as the length of information that can be stored, improve security against threats, implement a logical code representation and enable enhanced data accessibility both within the IRS and for taxpayers. CADE 2 will support advanced analytical capabilities addressing key issues of compliance, fraud, and identity theft.

- Customer Account Data Engine (CADE 2) Target State ($15 million): In the final Transition State, the Target State, CADE 2 will provide state-of-the-art individual taxpayer account processing and data-centric technologies for maintaining and balancing individual taxpayer account data to reduce operations and maintenance costs, provide data distribution solutions for downstream systems and end users, improve taxpayer service quality, enhance responsiveness to legislative changes, and eliminate financial weaknesses. In FY 2023, CADE 2 Target State will consist of two projects: 1) the CADE 2 Data Marketplace (C2DM) project that will develop data distribution solutions such as Application Programming Interfaces (APIs), for access to CADE 2 data, and 2) the ITPE Step 2 project that will retire the IMF sequential files and process off the CADE 2 database. Funding will be used to plan, develop, and publish APIs for the C2DM project, and execute requirements, design, engineering, and development activities for the ITPE Step 2 project. Completion of CADE 2 Target State will allow the IRS to simplify the IT environment by reengineering many of the downstream systems to directly use and update the taxpayer account data in CADE 2.
- Enterprise Case Management (ECM) ($75 million): ECM provides the IRS with an enterprise solution for streamlining case and workload management processes to improve the quality and effectiveness of case interactions with individual taxpayers, small and large businesses, tax-exempt organizations, and a wide spectrum of intermediaries. ECM is a cloud-based case management solution that will digitize case information, provide business automation, and increase resource alignment across IRS business units to improve customer service and reduce the timeframe for case resolution. IRS is building foundational data services to allow users to access individual taxpayer data and deliver additional case management functionality to enable further business migration to ECM. ECM has integrated case management supporting business processes across the IRS such as Tax Exempt/Government Entities Exempt Organizations, Privacy, Governmental Liaison and Disclosure, W&I Grants Management, External Referrals, and the Human Capital Office. In FY 2023, the IRS will initiate work on the exam line of business, while continuing to expand case management integration to additional prioritized customers and enabling further business migration to ECM.
- **Cyber Security:**
  - Identity and Access Management ($15 million): This investment in user identity controls, privileged access protections, building access security, and software security configuration will help the IRS mitigate the risk of unauthorized access to tax data as the IRS delivers new online tools to taxpayers and the number of private sector data breaches increases.
  - Security Operations and Management ($10 million): This investment will deliver a next generation secure operations center, improved incident analysis and forensic network investigation, and protect High Value Assets by blocking network access for unauthorized users.

- Vulnerability and Threat Management ($20 million): This investment will enable the IRS to identify and provide transparency for risks and potential threats, automate initiation of remediation actions for proactive prevention of security incidents, improve the automation of security testing for on-premise and cloud systems, apply use cases to enhance security audit analytics and compliance, and enhance data protection through encryption.

- Architecture, Integration, and Management ($10 million): Provide system engineering management capabilities, including systems strategy, architecture, and engineering capabilities, across IT Infrastructure, Business Applications, Data Management, and IT Security. Provide portfolio control and management processes and tools, including governance, enterprise lifecycle support, tiered program management, and configuration/change management.

- Management Reserve ($5 million): Funds allow the IRS to cover unanticipated cost adjustments.

Description of FY 2021 Performance – BSM

The IRS's modernization efforts focus on building and deploying advanced information technology systems, processes, and tools to improve efficiency and productivity. The IRS made significant progress delivering on the commitments in the IRS Integrated Modernization Business Plan, as well as the fundamental responsibilities to deliver and protect the solutions and services that support the nation's tax system. However, since the IRS received only 55 percent of the requested funding, replanning of capabilities was necessary. With this replanning, the IRS delivered 19 modernized capabilities in FY 2019, 40 modernized capabilities in FY 2020, and 29 modernized capabilities in FY 2021.

Highlighted capabilities in FY 2021 include: delivery of Enterprise Case Management Release 1, expansion of Customer Callback to total 16 phone applications, release of Taxpayer Digital Communication – Outbound Notifications priority notices to taxpayers, completion of 69 percent of code conversion for the Individual Tax Processing Engine project, and deployment of CTCUP. For more detail about BSM accomplishments and performance goals, please see Publication 5453, Information Technology (IT) Annual Key Insights Report.

Major IT investments are measured by the proportion of projects within +/- 10 percent of budgeted cost and schedule variance. The FY 2022 and FY 2023 targets for both measures are 90 percent.

Major IT (BSM and Non-BSM) Investments

Fiscal Year	Percent within +/- 10% Cost Variance	Percent within +/- 10% Schedule Variance
2021	**94.1%**	**100%**

Percent of Major IT Investments within +/- 10 percent Cost Variance at the Investment Level: Sixteen of 17 major investments (94.1 percent) were within the cost variance threshold in FY 2021. Shown below is the one investment that fell outside the +/- 10 Cost variance.

- **eA3 (Authentication, Authorization, Access)** – actual costs incurred were 15 percent lower than planned.

Percent of Major IT Investments within +/- 10 percent Schedule Variance at the Investment Level: Seventeen of 17 major investments (100 percent) were within the schedule variance threshold at the close of FY 2021. All investments fell between the +/- 10 percent schedule variance in FY 2021.

The IRS will continue to effectively manage our major IT investments and closely monitor cost and schedule variance throughout FY 2022.

FY 2023 Changes by Budget Activity

Dollars in thousands

Business Systems Modernization Summary of Proposed FY 2023 Request	**FTE**	**Amount**
FY 2022 Annualized CR (ACR)	**308**	**$222,724**
Changes to Base:		
Maintaining Current Levels (MCLs)		**$5,730**
Pay Annualization (2.7% average pay raise)		401
Pay Raise (4.6% average pay raise)		2,061
Non-Pay		3,268
Base Adjustment		**3,430**
Adjustment to Reach Current Operating Levels		3,430
Subtotal FY 2023 Changes to Base		**$9,160**
FY 2023 Current Services	**308**	**$231,884**
Program Changes:		
Program Increases		
Integrated Modernization Business Plan	104	$78,143
Subtotal FY 2023 Program Increases	**104**	**$78,143**
Total FY 2023 Budget Request	**412**	**$310,027**

See footnotes in 1.1 -- Appropriations Detail Table

2.1.9 – Budget and Performance Report and Plan

Dollars in thousands

Business Systems Modernization **Resource Level**	**FY 2017** **Actual**	**FY 2018** **Actual**	**FY 2019** **Actual**	**FY 2020** **Actual**	**FY 2021** **Actual**	**FY 2022** **Annualized CR**	**FY 2023** **Request**
Appropriated Resources[1]	$166,263	$110,000	$150,000	$180,000	$203,614	$222,724	$310,027
Reimbursable Resources[2]							
User Fees	25,464	77,418	89,713	108,872	29,495		
Budget Activity Total	**$191,727**	**$187,418**	**$239,713**	**$288,872**	**$233,109**	**$222,724**	**$310,027**

[1]The FY 2016 - FY 2020 appropriated resources represents the approved operating plan including any inter-BAC transfers and inter-appropriation transfers.
[2]The FY 2016 - FY 2020 columns represent realized resources for reimbursable resources and user fees.

Business Systems Modernization **Measures**	**FY 2017** **Actual**	**FY 2018** **Actual**	**FY 2019** **Actual**	**FY 2020** **Actual**	**FY 2021** **Actual**	**FY 2021** **Target**	**FY 2022** **Target**	**FY 2023** **Target**
Percent of Major IT Investments within +/- 10% Cost Variance at the Investment Level (E)	50.0%	72.2%	88.9%	84.2%	94.1%	90.0%	90.0%	90.0%
Percent of Major IT Investments within +/- 10% Schedule Variance at the Investment Level (E)	88.9%	83.3%	88.9%	94.7%	100.0%	90.0%	90.0%	90.0%

Key: E - Efficiency Measure

B - FY 2021 - FY 2023 IRS Integrated Modernization Business Plan

Pillar	Business Systems Modernization Dollars in thousands	Funding Category[1]	FY 2021 Actuals	FY 2022 Planned (CR)	FY 2023 President's Budget Request
	FY 2021 / FY 2022 (CR Level) / FY 2023		203,746	222,724	310,027
	Carryover Balance		28,806	22,185	
	User Fees		29,495		
	Total Funding		**$262,047**	**$244,909**	**$310,027**
		Capital	204,837	180,806	234,872
		Support	3	589	178
		Labor	57,207	59,329	69,982
	Subtotal Spend		**$262,047**	**$240,724**	**$305,032**
	FTE		304	308	412
	Management Reserve			4,185	4,995
	Total Spend plus MR		**$262,047**	**$244,909**	**$310,027**
Taxpayer Experience	**Web Applications[2]**		**$32,594**	**$28,000**	**$30,000**
	The IRS will continue to expand online account capabilities to improve the taxpayer experience, enhancing self-service options to create and submit payment plans as well as to make and view tax payments. In addition, it will expand the Tax Pro effort benefiting authorized tax professionals with capabilities that modernize certain paper-based processes to help resolve issues with the IRS on behalf of their clients. In FY 2023, the IRS will continue to expand the Tax Pro capabilities to include the ability to view and manage authorizations and enable taxpayers to initiate new authorization requests. These capabilities will reduce taxpayer and tax professional burden, the amount of paper forms, and the time it takes to submit authorizations. Taxpayers and tax professionals also benefit from additional data accuracy and security since the process confirms and protects their identities. The IRS will continue to improve taxpayer access to digital notices which will increase taxpayer response rates to notices, reduce burden on taxpayers and the IRS, reduce printing and postage requirements, and promote more efficient interactions.	Capital	20,919	15,900	15,920
		Support	3	300	
		Labor	11,671	11,800	14,080
		FTE	*65*	*60*	*95*
	TDC-ON		**$7,961**		
	Providing taxpayers access to fast, secure, and personalized digital communications delivered through a secure messaging platform. The IRS will continue developing digital notices available through a secure online account for taxpayers who prefer that channel over mailed correspondence. IRS will expand the capability to allow taxpayers the choice to opt in or opt out of receiving paper notices and receive notifications through email and text message when a notice is available. TDC-ON will allow the IRS to move away from paper-based notifications and allow taxpayers to navigate directly to IRS online payment tools, increasing the likelihood of taxpayer acts and expediting the resolution of tax-related issues.	Capital	6,255		
		Support			
		Labor	1,706		
		FTE	*9*		
	Taxpayer Experience - Subtotal		**$40,555**	**$28,000**	**$30,000**
	FTE		***74***	***60***	***95***

[1] Capital Investment funding: capital and contractor labor costs. Support funding: training, travel, supplies costs. Labor funding: IRS employee pay and benefits costs.

[2] Effective FY 2022, Web Apps and TDC-ON merged under the Web Apps investment.

Pillar	Business Systems Modernization Dollars in thousands	Funding Category[1]	FY 2021 Actuals	FY 2022 Planned (CR)	FY 2023 President's Budget Request
Core Taxpayer Services and Enforcement	**Customer Account Data Engine (CADE 2) (Individual Tax Processing)**		**$98,476**	**$100,000**	**$130,032**
	Since the Individual Master File (IMF) was built almost 60 years ago, the IRS has made additions to legacy base code to reflect annual tax law changes. The result today is a complex system, with decades of tax law changes, written in outdated programming language that only an extremely small number of IRS personnel understand. Right now, the CADE 2 Program is in Transition State 2 (TS2) focused on the Individual Tax Processing Engine (ITPE) Project, which is converting and thoroughly testing two of the most complex IMF tax processing components (i.e., Runs 12 and 15). This project will usher in a new period of modernized core tax processing for Individual Accounts. ITPE will also convert approximately 200,000 lines of legacy Assembly Language Code (ALC) to a modern software language. This code conversion is a major milestone towards retiring the Individual Master File (IMF). CADE 2 will support advanced analytical capabilities addressing key issues of compliance, fraud, and identity theft.	Capital	74,300	77,946	105,785
		Support		41	52
		Labor	24,176	22,013	24,195
		FTE	*125*	*123*	*139*
	Customer Account Data Engine (CADE 2) Target State				**$15,000**
	In the final Transition State, the Target State, CADE 2 will provide state-of-the-art individual taxpayer account processing and data-centric technologies for maintaining and balancing individual taxpayer account data to reduce operations and maintenance costs, provide data distribution solutions for downstream systems and end users, improve taxpayer service quality, enhance responsiveness to legislative changes, and eliminate financial weaknesses. Funding will be used to plan, develop, and publish APIs for the C2DM project, and execute requirements, design, engineering, and development activities for the ITPE Step 2 project. Completion of CADE 2 Target State will allow the IRS to simplify the IT portfolio by reengineering many of the downstream systems to directly use and update the taxpayer account data in CADE 2.	Capital			9,778
		Support			
		Labor			5,222
		FTE			*30*
	Enterprise Case Management		**$60,041**	**$64,000**	**$75,000**
	ECM provides the IRS with an enterprise solution for streamlining case and workload management processes to improve the quality and effectiveness of case interactions with individual taxpayers, small and large businesses, tax-exempt organizations, and a wide spectrum of intermediaries. ECM is a cloud-based case management solution that will digitize case information, provide business automation, and increase resource alignment across IRS business units to improve customer service and reduce the timeframe for case resolution. IRS is building foundational data services to allow users to access individual taxpayer data and delivers additional case management functionality to enable further business migration to ECM. ECM has integrated case management supporting business processes across the IRS such as Tax Exempt/Government Entities Exempt Organizations, Privacy, Governmental Liaison and Disclosure, W&I Grants Management, External Referrals, and Human Capital Office.	Capital	43,398	41,757	54,065
		Support		248	50
		Labor	16,643	21,995	20,885
		FTE	*89*	*98*	*112*
	Core Taxpayer Services and Enforcement - Subtotal		**$158,517**	**$164,000**	**$220,032**
	FTE		***214***	***221***	***281***

[1] Capital Investment funding: capital and contractor labor costs. Support funding: training, travel, supplies costs. Labor funding: IRS employee pay and benefits costs.

Pillar	Business Systems Modernization Dollars in thousands	Funding Category[1]	FY 2021 Actuals	FY 2022 Planned (CR)	FY 2023 President's Budget Request
Modernized IRS Operations	**Robotics Process Automation**		**$855**		
	Automating repetitive, rule-based, manual tasks and mitigating human error risks. Robotic Process Automation (RPA) has emerged as an effective enabling technology to gain efficiencies by doing just this. Combining RPA with Artificial Intelligence (AI) has further enhanced opportunities to empower organizations to take on more complex processes and gain value through cognitive automation. The goal of the RPA program is to build the capability for IRS to take advantage of these emerging technologies. IRS business units are highly motivated to find operational efficiencies to improve services and automate workflow for a wide range of taxpayers to significantly relieve administrative burden. Funding this effort will ensure that a series of initial limited use projects and activities will provide additional functionality and efficiency gains. Currently, this modernization program is not anticipated to perform planned work under either the FY 2022 CR level or FY 2023 President's Budget.	Capital	606		
		Support			
		Labor	249		
		FTE	*1*		
	Application Program Interface (API) Implementation		**$3,177**		
	APIs are a set of protocols, routines, functions and/or commands that programmers use to develop software or facilitate interaction between distinct systems. In response to growing demands to integrate systems internally and externally, the IRS plans to expand the use of APIs across its ecosystem. Currently, this modernization program is not anticipated to perform planned work under either the FY 2022 CR level or FY 2023 President's Budget.	Capital	2,912		
		Support			
		Labor	265		
		FTE	*1*		
	Cloud Execution		**$9,392**		
	Leveraging cloud technologies to provide value and improved service to taxpayers. The IRS has adopted a cloud strategy, which aligns to the Federal strategy, and will migrate various workloads to the cloud as appropriate. Because the IRS can securely host tax applications in the cloud, even for major efforts like Enterprise Case Management, funding this set of capabilities will be critical to stabilizing the cost of operations and maintenance and further enhancing the agency's security posture. Currently, this modernization program is not anticipated to perform planned work under either the FY 2022 CR level or FY 2023 President's Budget.	Capital	9,387		
		Support			
		Labor	5		
		FTE			
	Next Generation Infrastructure		**$69**		
	Providing a more efficient, scalable and flexible architecture. Funding will ensure the implementation of advanced IT infrastructure tools and technologies for compute, network and storage activities. The combination of these capabilities will help further automate and modernize the technology infrastructure and convert legacy code to modern programming languages. Currently, this modernization program is not anticipated to perform planned work under either the FY 2022 CR level or FY 2023 President's Budget.	Capital			
		Support			
		Labor	69		
		FTE	1		
	Modernized IRS Operations - Subtotal		**$13,493**		
	FTE		***3***		
	Identity and Access Management		**$8,974**	**$17,658**	**$15,000**
	This investment in user identity controls, privileged access protections, building access security, and software security configuration will help the IRS mitigate the risk of unauthorized access to tax data as the IRS delivers new online tools to taxpayers and the number of private sector data breaches increases.	Capital	8,449	17,158	14,795
		Support			
		Labor	525	500	205
		FTE	*3*	*1*	*2*
	Security Operations and Management		**$12,660**	**$7,081**	**$10,000**
	This investment will deliver a next generation secure operations center, improved incident analysis and forensic network investigation, and protect High Value Assets by blocking network access for unauthorized users.	Capital	12,630	6,919	9,845
		Support			
		Labor	30	162	155
		FTE			*1*
	Vulnerability and Threat Management		**$22,652**	**$17,985**	**$20,000**
	This investment will enable the IRS to identify and provide transparency for risks and potential threats, automate initiation of remediation actions for proactive prevention of security incidents, improve the automation of security testing for on-premise and cloud systems, apply use cases to enhance security audit analytics and compliance, and enhance data protection through encryption.	Capital	21,640	16,826	17,300
		Support			
		Labor	1,012	1,159	2,700
		FTE	*6*	*14*	*18*
	Cybersecurity and Data Protection - Subtotal		**$44,287**	**$42,724**	**$45,000**
	FTE		***9***	***15***	***21***
Supporting Projects	**Architecture, Integration, and Management**		**$5,195**	**$6,000**	**$10,000**
	Provide system engineering management capabilities, including systems strategy, architecture, and engineering capabilities, across IT Infrastructure, Business Applications, Data Management, and IT Security. Provide portfolio control and management processes and tools, including governance, enterprise lifecycle support, tiered program management, and configuration/change management.	Capital	4,340	4,300	7,384
		Support			76
		Labor	856	1,700	2,540
		FTE	*4*	*12*	*15*
	Subtotal Supporting Projects		**$5,195**	**$6,000**	**$10,000**
	FTE		***4***	***12***	***15***

[1] Capital Investment funding: capital and contractor labor costs. Support funding: training, travel, supplies costs. Labor funding: IRS employee pay and benefits costs.

C – Changes in Performance Measures

With the publication of Treasury's Strategic Plan for FY 2022-2026, the IRS will work to baseline performance against the new strategic objectives. This could result in additional changes to performance measures in the FY 2024 budget.

For the FY 2023 Budget and as shown below, the IRS plans to add three and modify one measure.

#	Performance Measure or Indicator	Proposed Change and Justification
1	Exam Starts – High Income Individuals The number of high-income individual examinations with a TPI > $10 million started during the fiscal year	**Addition** – This new indicator aligns with the 2020 IRS Table 17 Data Book changes which are based on "in process" examinations reported by fiscal year. This new indicator allows IRS to track the progress of examinations throughout the year, allowing for a direct and clear picture of IRS activities. Some examinations are closed within a year while others take several years to close. This indicator focuses on starts rather than closures which provides a better view of where resources are being applied in this fiscal year. This indicator is effective for FY 2021 reporting in the FY 2023 Congressional Justification.
2	Exam Starts – Partnerships The number of partnership examinations started during the fiscal year	**Addition** – This new indicator aligns with the 2020 IRS Table 17 Data Book changes which are based on "in process" examinations reported by fiscal year. This new indicator allows IRS to track the progress of examinations throughout the year, allowing for a direct and clear picture of IRS activities. Some examinations are closed within a year while others take several years to close. This indicator focuses on starts rather than closures which provides a better view of where resources are being applied in this fiscal year. This indicator is effective for FY 2021 reporting in the FY 2023 Congressional Justification.
3	Exam Starts – Large Corporations The number of examinations started during the fiscal year of large corporate returns reporting assets of $250 million and above	**Addition** – This new indicator aligns with the 2020 IRS Table 17 Data Book changes which are based on "in process" examinations reported by fiscal year. This new indicator allows IRS to track the progress of examinations throughout the year, allowing for a direct and clear picture of IRS activities. Some examinations are closed within a year while others take several years to close. This indicator focuses on starts rather than closures which provides a better view of where resources are being applied in this fiscal year. This indicator is effective for FY 2021 reporting in the FY 2023 Congressional Justification.
4	Enterprise Self Assistance Participation Rate	**Modify** – update the existing Online Payment Agreements (OPA) and Installment Agreements (IA) applications to include business taxpayers and include a new chatbot application for OPAs and IAs for small business and self-employed taxpayers; modified for FY 2022 reporting.

Section III – Supplemental Information

3.1 – Summary of Capital Investments

I. Introduction

The IRS Information Technology (IT) organization enables the business operations and modernization of the nation's tax system. IT continues to provide critical support needed as the IRS faces an ever-changing and complex tax administration environment and has experienced large shifts in operations since the IRS first embarked on its modernization journey in 2019. Since then, the IRS has navigated unexpected changes that have both challenged and accelerated modernization efforts—from the emergence of new technology and taxpayer expectations to an ongoing global pandemic. The IRS is at an inflection point, having concluded the first phase of the six-year IRS Integrated Modernization Business Plan. The IRS will continue to adapt as it embraces industry-leading technology and meets taxpayer needs in an ever-evolving digital world.

With the funding provided through the American Rescue Plan (ARP) Act of 2021 and other resources, the IRS has strong momentum behind modernization, with a clear vision for delivering near-term impact and long-term transformation. How quickly the IRS can advance in the modernization journey is dependent on the resources available. As the IRS Commissioner has noted, IRS employees are making a difference and want to continue to successfully pursue the mission on behalf of our country. The road ahead is full of challenges, both known and unknown, but we are confident that the plan, if adequately resourced, paves the way to providing the highest-quality service to taxpayers and the tax community.

The Capital Investment Strategy is guided by the IRS Mission, IT Mission, and IT Vision. These key strategic documents provide direction coupled with the Modernization Business Plan presents how the technology initiatives and IT investments achieve this vision.

Figure 3.1

II. IT Strategic Plan

As part of the Taxpayer First Act, the IRS developed and is implementing a multi-year IT strategic plan that strengthens the agency's ability to communicate and plan for long-term technology needs. The IRS developed the IT Strategic Plan to articulate goals and objectives to achieve the IRS technology target state and deliver value to taxpayers. This plan is structured to address key factors driving the opportunity for change, including the need to meet the public's expectations, simplify the existing IRS technology base, adopt emerging technology trends, stay ahead of cybersecurity threats, comply with federal mandates and guidelines, and support the workforce with the advanced technology training they need to stay current in their skills. The implementation of these goals and objectives is captured through the Annual Key Insights Report (AKIR) and the integrated enterprise architecture, which includes the Enterprise Technology Blueprint (ETB) and the Target Enterprise Architecture (TEA).

Figure 3.2 - IT Strategic Goals FY 2020-2024

GOAL 1	Customer Experience	Enhance the experience for taxpayers, third parties, and IRS employees through omnichannel solutions that are transparent, easy-to-use, and secure
GOAL 2	Applications and Services	Architect modular and reusable technology solutions to incrementally reduce technical debt
GOAL 3	Data	Advance data quality, access, usability and analytics to inform decision making and improve tax administration
GOAL 4	Platforms and Infrastructure	Increase the efficiency and currency of technology investments through the reuse of common enterprise services on resilient, scalable, and open platforms
GOAL 5	Security	Protect the security and integrity of the tax system
GOAL 6	Workforce	Cultivate a well-equipped, diverse, flexible and engaged workforce
GOAL 7	Technology Management	Adopt and embrace modern technology management practices that keep pace with industry
GOAL 8	Innovation	Continually drive adoption of new ways of working

The IT Strategic goals set the enterprise-wide technological priorities, which then inform the long-term technological vision published in the Enterprise Technology Blueprint.

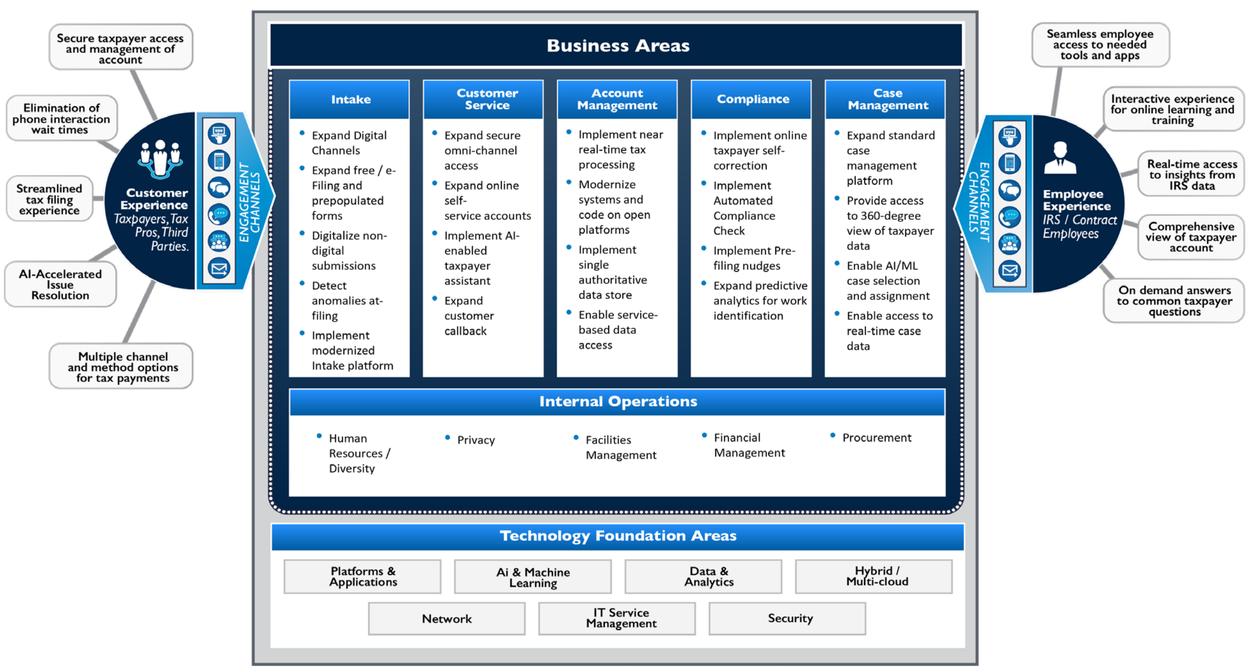
III. Enterprise Technology Blueprint (ETB)

The Enterprise Technology Blueprint articulates the envisioned long-range technology environment and describes how technology will be employed in support of the strategic IRS business direction. This artifact depicts the adoption of advancing capabilities, modernizing applications and technical services within the IRS production environment. The ETB is organized around the interrelated elements of the IRS Enterprise Architecture framework, as shown in Figure 2, to provide a cross-cutting frame of reference for analyzing the current state of IRS operations and to envision a future state. It is intended to facilitate dialogue among IRS business and IT leaders around future vision and priorities; align business and IT strategies; guide enterprise architecture planning and solutions development; and enable line of sight for evaluating investment proposals. The ETB also encompasses a set of interrelated views that depict the future of tax systems, IT operations, and IT services to achieve the IRS vision. The ETB is a living document that is continuously reviewed and updated as appropriate.

Figure 3.3 - IRS Enterprise Architecture Framework

The ETB is further defined by the Tax Administration Reference Architecture (Figure 3 below), which is a strategic vision for the interconnected set of tax administration functions the IRS will perform in delivering services for customers, and the technology enablers that will support tax administration.

Figure 3.4 - Tax Administration Reference Architecture



In combination with the IRS and IT Strategic Plans, the ETB and the Tax Administration Reference Architecture capture the enterprise vision for the IRS technology environment. The IRS Integrated Modernization Business Plan, described in Section IV, highlights specific technology initiatives and IT investments that realize this vision.

IV. IRS Integrated Modernization Business Plan

The IRS Modernization Plan is organized around four modernization Pillars – Taxpayer Experience, Core Taxpayer Services & Enforcement, Modernized IRS Operations, and Cybersecurity & Data Protection.

Taxpayer Experience

The IRS will provide taxpayers a wide range of modern options for interacting with the IRS to answer questions and resolve tax issues. The agency will deliver real benefits for taxpayers, tax professionals, and the tax community, while allowing IRS employees to operate more efficiently and effectively.

Core Taxpayer Services and Enforcement

The IRS will evolve core tax systems through data-driven operations and decision-making, real-time tax processing, and core tax administration systems integration. The agency will use technology to enhance identification of noncompliance and fraud while reducing processing time for taxpayers. The IRS will also improve compliance through earlier intervention, easier (self) correction options, and powerful enterprise platforms.

Modernized IRS Operations

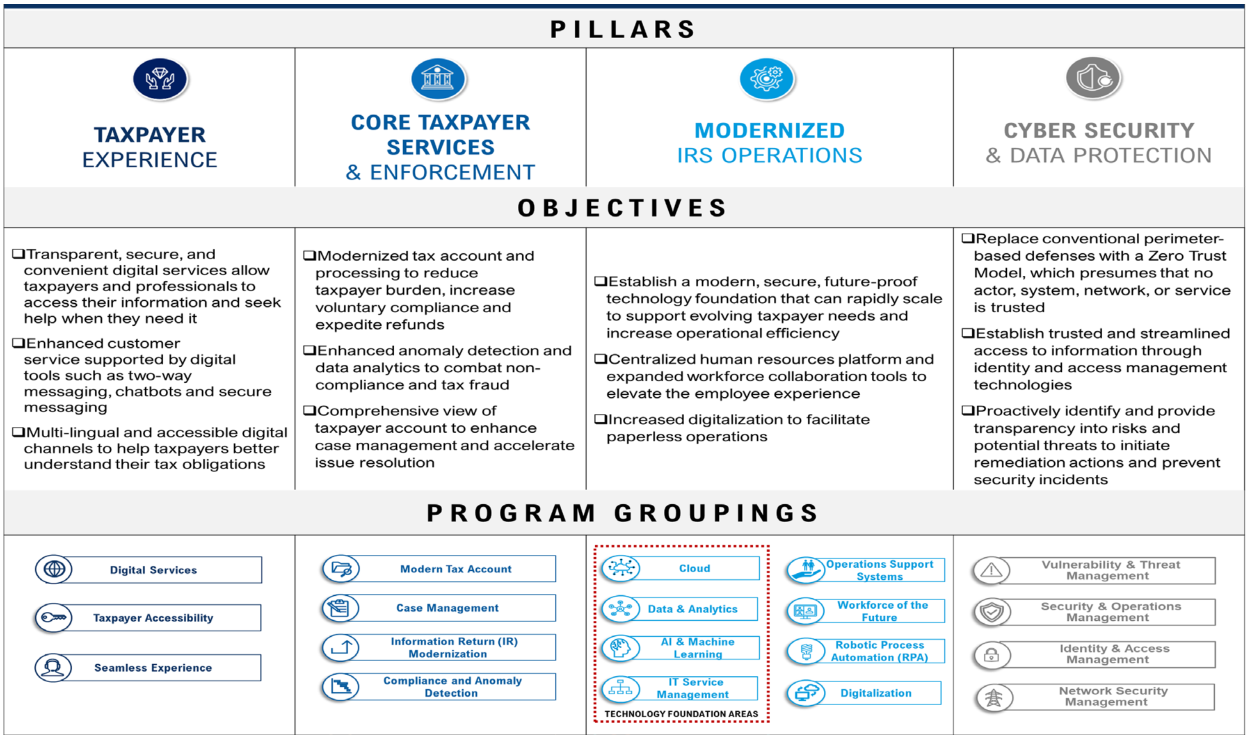
The IRS will improve underlying system infrastructure by reducing the complexity of the agency's technical environment, enhancing, and expanding workforce support technologies, and adopting leading industry practices and technologies that deliver new and sustained efficiencies like cloud and robotic process automation.

Cybersecurity and Data Protection

The IRS will ensure taxpayer administration and operational data are safe and secure from all internal and external threats. The agency will formally implement a "zero trust" model to enhance management capabilities for vulnerability identification, threat assessment, identity verification, access controls, cybersecurity operations, and network security. These improvements are necessary to secure information assets in a dynamic cybersecurity landscape and to facilitate successful taxpayer interactions in support of the IRS mission.

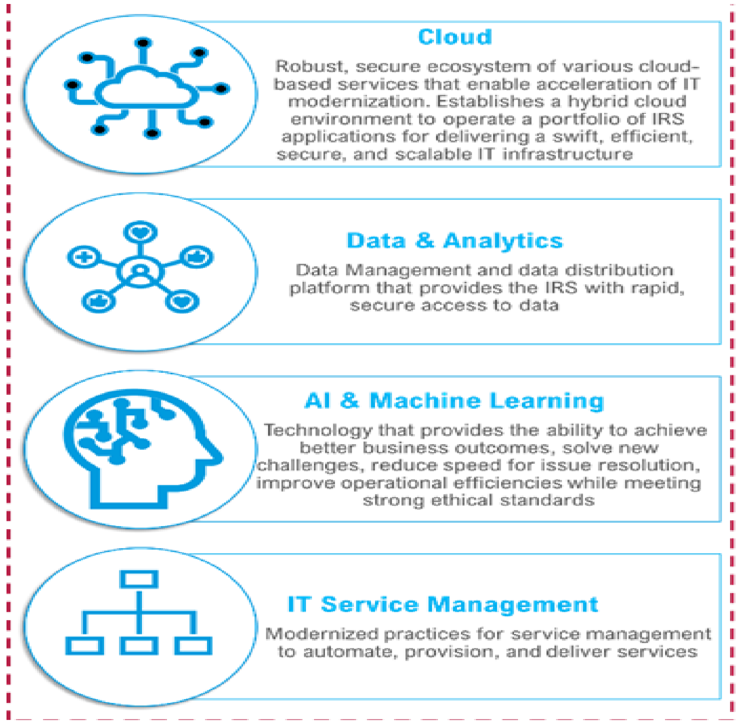
For each of these four pillars, the IRS has identified key objectives that represent the impacts and expected outcomes of modernization. The objectives are achieved by implementing a set of programs and initiatives in that Pillar. These programs are combined into logical Program Groupings that lead to outcomes that streamline delivery and bring real value to taxpayers and the workforce. The IRS recognizes that to keep pace with an evolving technological landscape, individual programs may change over time. The objectives and program groupings illustrated in Figure 4 reflect the IRS's current plans for modernization.

Figure 3.5 - IRS Modernization Plan Organizing Construct



Fundamental to the success of IRS modernization is a strong technology environment that supports the growth of IRS programs and increases operational efficiency. The IRS will establish a robust IT foundation through four Program Groupings within the Modernized Operations Pillar depicted in Figure 5. These Technology Modernization Foundation Areas (Tech Foundation Areas) are Cloud, Data & Analytics, Artificial Intelligence & Machine Learning, and IT Service Management.

Figure 3.6 - Foundational Areas



This enables the IRS to "future-proof" its technology foundation by implementing flexible, industry-leading platforms and infrastructure that can rapidly scale and adapt in the face of new legislation and changing taxpayer needs. Collectively these Tech Foundation Areas will enable programs across all four modernization Pillars. For example, cloud technology implemented in the Modernized IRS Operations pillar provides a platform on which individual and tax professional accounts will be built to adapt quickly and efficiently to future taxpayer needs under the Taxpayer Experience Pillar.

The IRS Integrated Modernization Business Plan is aligned to both the Treasury and IRS Strategic Plan and directly advances three cross-agency priority goals included in the President's Management Agenda:

1. Modernize IT to increase productivity and security
2. Leverage data as a strategic asset
3. Improve customer experience with Federal services

3.2 – IRS Performance Measures Table

NOTE: The IRS is facing unprecedented correspondence inventory levels caused by the COVID-19 pandemic, which will continue to contribute to higher call volumes and related inquiries throughout the year. Despite steady progress, funding constraints remain a barrier to addressing these significant inventory levels. To substantially reduce the inventory the IRS made a concerted effort to realign qualified staff from enforcement. The realignment of resources to work the inventory will affect FY22 year-end taxpayer services and enforcement performance results.

Performance Measures	FY2017 Actual	FY2018 Actual	FY2019 Actual	FY2020 Actual	FY2021 Actual	FY2021 Target	FY2022 Target	FY2023 Target
Customer Service Representative Level of Service (LOS)[1]	77.1%	75.9%	65.4%	53.1%	18.5%	32.0%	30.0%	85.0%
Customer Accuracy - Tax Law (Phones)	96.7%	95.5%	91.6%	91.0%	92.8%	90.0%	89.0%	89.0%
Customer Accuracy - Accounts (Phones)	96.0%	96.1%	94.3%	93.5%	93.0%	91.0%	89.0%	89.0%
Timeliness of Critical Filing Season Tax Products to the Public[2]	93.1%	59.6%	92.6%	78.4%	92.0%	85.0%	89.0%	89.0%
Timeliness of Critical TE/GE & Business Tax Products to the Public[2]	96.7%	100.0%	96.1%	96.0%	92.9%	85.0%	89.0%	89.0%
Enterprise Self-Assistance Participation Rate[3]	79.0%	82.0%	85.4%	90.6%	92.3%	89.0%	91.0%	91.0%
Taxpayers Satisfied with the IRS (based on 100 point scale)[4]	74	74	73	74	70	Indicator	Indicator	Indicator
Examination Efficiency - Individual	121	131	109	76	108	111	100	114
Time to Start Compliance Resolution (new FY20)[5]	58.8%	60.1%	60.9%	66.3%	66.0%	Indicator	Indicator	Indicator
Time to Resolve Compliance Issue After Filing (new FY20)[5]	491	494	469	491	484	Indicator	Indicator	Indicator
Repeat Non-Compliance Rate (new FY20)[5]	29.2%	30.0%	31.4%	35.6%	30.7%	Indicator	Indicator	Indicator
Collection Coverage (Units)	42.2%	41.6%	41.3%	34.9%	41.2%	33.0%	36.5%	32.1%
Exam Starts - High Income Individuals (new FY21)[5]	1,941	2,307	2,108	2,693	2,227	Indicator	Indicator	Indicator
Exam Starts - Partnerships (new FY21)[5]	10,221	9,033	5,823	4,106	4,327	Indicator	Indicator	Indicator
Exam Starts - Large Corporations (new FY21)[5]	2,577	2,396	2,009	1,700	1,490	Indicator	Indicator	Indicator
Cost to Collect $100	$0.34	$0.34	$0.33	$0.35	$0.33	Indicator	Indicator	Indicator
Criminal Investigations Completed	3,089	3,051	2,797	2,624	2,766	2,600	2,600	2,500
Conviction Rate	91.5%	91.7%	91.2%	90.4%	89.4%	92.0%	92.0%	92.0%
Rentable Square Feet per Person	297	301	298	278	278	280	270	260
Percent of Aged Hardware	52.3%	45.5%	31.0%	16.0%	9.3%	20.0%	20.0%	20.0%
Percent of Major IT Investments within +/- 10% Cost Variance at the Investment Level	50.0%	72.2%	88.9%	84.2%	94.1%	90.0%	90.0%	90.0%
Percent of Major IT Investments within +/- 10% Schedule Variance at the Investment Level	88.9%	83.3%	88.9%	94.7%	100.0%	90.0%	90.0%	90.0%

[1] The CSR LOS includes toll-free telephone lines answered by Accounts Management assistors only. These lines service 82 percent of all telephone traffic. Achieving the FY 2023 LOS target of 85 percent requires timely enactment of appropriations so the IRS can complete hiring and training ahead of the filing season and assumes that demand and in person services return to pre-pandemic levels. The IRS's Automated Collection System (ACS) toll-free line is used by taxpayers for compliance related inquiries. For FY 2021, the ACS LOS was 37.8 percent. These are both included in the Enterprise LOS, which measures the relative success rate of taxpayers calling to speak with an IRS Assistor on any IRS toll-free telephone line. The Enterprise LOS in FY 2021 was 21.3 percent.

[2] Modified in FY 2019.

[3] In FY 2017, the IRS renamed the Taxpayer Self Assistance Rate measure to Enterprise Self Assistance Participation Rate.

[4] Based on the American Customer Satisfaction Index (ACSI) survey; the All-Individual Tax Filer score is calculated from separate ACSI Individual Paper Filer and Electronic Filer customer satisfaction index scores; available on an annual basis at the end of January and computed on a 100-point scale.

[5] Historical data provided for comparison.

Budget Level Performance Measure Descriptions	
Customer Service Representative (CSR) Level of Service	The number of toll free callers that either speak to a Customer Service Representative or receive informational messages divided by the total number of attempted calls.
Customer Accuracy – Tax Law Phones	The percentage of correct answers given by a live assistor on Toll-free tax law inquiries.
Customer Accuracy – Customer Accounts (Phones)	The percentage of correct answers given by a live assistor on Toll-free account inquiries.
Timeliness of Critical TE/GE & Business Tax Products to the Public	The percentage of Critical Tax Exempt/Government Entities (TE/GE) and Business (CTB) tax products available to the public seven calendar days before the official IRS start of the individual filing season. CTB tax products are forms, schedules, instructions, and publications used by large number of TE/GE and Business filers to prepare a complete and reasonably accurate return or form by the filing date occurring during the fiscal year (e.g., income tax, excise tax, exempt organization return, etc.).
Timeliness of Critical Individual Filing Season Tax Products to the Public	The percentage of Critical Individual Filing Season (CIFS) tax products available to the public seven calendar days before the official IRS start of the (individual) filing season. CIFS tax products are those tax forms, schedules, instructions, and publications required by large number of filers to prepare a complete and reasonably accurate Individual Income Tax Return.
Enterprise Self Assistance Participation Rate	The percentage of taxpayer assistance requests resolved using self-assisted automated services.
Taxpayers Satisfied with the IRS	The percentage of taxpayers satisfied with the IRS according to the American Customer Satisfaction Index (ACSI) survey. The All Individual Tax Filer score is calculated from separate ACSI Individual Paper Filer and Electronic Filer Customer Satisfaction Index Scores. Based on a 100 point scale.
Examination Efficiency – Individual (1040)	The sum of all individual 1040 returns closed by SB/SE, W&I, TE/GE, and LB&I (Field Exam and Correspondence Exam programs) divided by the total Full-Time Equivalent (FTE) expended in relation to those individual returns.
Time to Start Compliance Resolution	The percentage of all individual income tax enforcement cases started within six months of the return posting date.
Time to Resolve Compliance Issue After Filing	The median time it takes to close all individual income tax enforcement cases in days (excluding disaster, bankruptcy, and TEFRA cases for exam and collection cases that are not closed as full paid), starting from filing date.
Repeat Non-Compliance Rate	The percentage of individual taxpayers in a fiscal year with additional non-compliance two years after the initial tax year that contains a filing, payment, or reporting compliance issue, compared to total taxpayers.
Collection Coverage	The volume of collection work disposed compared to the volume of collection work available.
Exam Starts - High Income Individuals	The number examinations started during the fiscal year of individuals with a total positive income of $10 million and above.
Exam Starts - Partnerships	The number examinations started during the fiscal year of partnerships.
Exam Starts - Large Corporations	The number examinations started during the fiscal year of large corporate returns reporting assets of $250 million and above.
Cost to Collect $100	The cost of collecting $100 is computed as total operating costs divided by gross collection divided by 100.
Criminal Investigations Completed	The total number of subject criminal investigations completed during the fiscal year, including those that resulted in prosecution recommendations to the Department of Justice as well as those discontinued due to a lack of prosecution potential.
Conviction Rate	The percent of adjudicated criminal cases that result in convictions.
Rentable Square Feet per Person	The amount of Rentable Square Feet the IRS maintains per person requiring space.
Percent of Aged Hardware	This measure shows the quantity of IT hardware in operation past its useful life as a percentage of total hardware in use.
Percent of Major IT Investments within +/- 10% Cost Variance at the Investment Level	Number of major IT investments within +/-10 percent variance between planned total cost and projected/actual cost within a fiscal year divided by the total number of major IT investments in that fiscal year.
Percent of Major IT Investments within +/- 10% Schedule Variance at the Investment Level	Number of major IT investments within +/-10 percent variance between planned days and projected/actual days within a fiscal year divided by the total number of major IT investments in that fiscal year.

3.3 – Return on Investment (ROI) for IRS Major Enforcement Programs

The actual cost and actual revenue collected for FY 2017 through FY 2021 for the three major enforcement programs, Examination, Collection, and Automated Underreporter (AUR) are provided below. The activities included in these programs include:

Examination Program conducts examinations of tax returns of individual taxpayers, businesses, and other types of organizations to verify that the tax reported is correct. This includes examinations of individuals, small businesses, self-employed, large corporate businesses, partnerships, international, estate and gift, excise tax and employment tax-exempt organizations, qualified pension benefit plans, and government entities. The examination costs include the cost of the Field Exam, Correspondence Exam, IRS Chief Counsel, and Appeals functions.

Collection Program collects delinquent taxes and secures delinquent tax returns through the appropriate use of enforcement tools, such as lien, levy, seizure of assets, installment agreement, offer-in-compromise, substitute-for-return, summons, and IRC section 6020(b) (which allows the IRS to prepare returns if a taxpayer neglects or refuses to file), and provides education to taxpayers to enable future compliance. The cost of the Collection program includes Automated Collection System (ACS), Field Collection, and Payment Compliance/Correspondence Collection.

Automated Underreporter (AUR) Program matches payer information returns (Forms 1099, W-2, etc.) against data reported to the IRS on individual tax returns. The information is verified to identify any discrepancies. If a discrepancy is found, the case is given to a tax examiner for research and analysis. If the tax examiner is unable to resolve the discrepancy, the IRS issues a proposed notice and generates a proposed assessment.

ROI is calculated by dividing revenue by cost. This information provides an indication of the ROI for the three major enforcement programs over time. Enforcement revenue collected in a fiscal year includes tax, interest, and penalties from multiple tax years. Some enforcement activities take more than a year to close and may generate revenue over several years.

In addition, these data reflect the average return on investment for these programs and do not include the indirect effects of IRS enforcement activities on voluntary compliance. Net revenue is maximized only when resources are allocated according to marginal direct and indirect return on investment, but those ratios are much more challenging to estimate than the average ROI. As a result, the IRS will continue to allocate enforcement resources across a range of enforcement activities to ensure taxpayers pay the taxes they owe.

Dollars in Millions															
	FY 2017			FY 2018			FY 2019			FY 2020			FY 2021		
Enforcement Program	Cost[1]	Revenue	ROI	Cost[1]	Revenue	ROI	Cost[1]	Revenue	ROI	Cost[1]	Revenue	ROI	Cost[1]	Revenue	ROI
IRS Total	**$5,506**	**$56,914**	**10.3**	**$5,559**	**$59,366**	**10.7**	**$5,439**	**$57,523**	**10.6**	**$5,560**	**$51,084**	**9.2**	**$5,634**	**$74,999**	**13.3**
Examination	3,693	15,102	4.1	3,716	15,017	4.0	3,581	10,877	3.0	3,750	8,253	2.2	3,792	11,275	3.0
Collection	1,600	36,498	22.8	1,635	38,985	23.8	1,631	41,793	25.6	1,616	38,948	24.1	1,593	57,834	36.3
Automated Underreporter (AUR)	214	5,314	24.9	208	5,364	25.7	226	4,853	21.5	194	3,884	20.0	249	5,889	23.7

[1] The cost of the enforcement programs was calculated using budget data from the IRS Integrated Financial System (IFS) and includes direct dollars and FTE from the Enforcement appropriation, Exam and Collections budget activity, and dollars from the Operations Support appropriation prorated using actual FTE realized for each major enforcement program.

Section IV – Appendix

4.1 - COVID-19 Supplemental Funding

Table 1: Spend Plan Including Realignments and Obligations through March 20, 2022

Appropriation $ in Thousands	Initial Spend Plan	Realignments [1]	Current Spend Plan	Obligations through March 20, 2022	Balance
CARES Act and Families First Coronavirus Response - Expired					
Taxpayer Services	**$352,900**	**$7,891**	**$360,791**	**$360,791**	**$0**
CARES Act - Rebates (P.L. 116-136)	293,500	7,891	301,391	301,391	0
CARES Act - Supplemental (P.L. 116-136)	59,400		59,400	59,400	0
Enforcement	**$79,200**	**($16,497)**	**$62,703**	**$62,642**	**$61**
CARES Act - Rebates (P.L. 116-136)	37,200	(16,497)	20,703	20,685	18
CARES Act - Supplemental (P.L. 116-136)	42,000		42,000	41,957	43
Operations Support	**$333,600**	**$8,606**	**$342,206**	**$341,675**	**$531**
Families First Coronavirus Response Act (P.L. 116-127)	15,000		15,000	14,988	12
CARES Act - Rebates (P.L. 116-136)	170,000	8,606	178,606	178,566	40
CARES Act - Supplemental (P.L. 116-136)	148,600		148,600	148,121	479
Total CARES Act and Families First Coronavirus Response	**$765,700**		**$765,700**	**$765,108**	**$592**
Consolidated Appropriations Act, FY 2021 (EIP2) - Expired					
Taxpayer Services	**$196,435**		**$196,435**	**$196,385**	**$50**
Consolidated Appropriations Act, FY 2021 (P.L. 116-260)	196,435		196,435	196,385	50
Operations Support	**$312,565**		**$312,565**	**$305,739**	**$6,826**
Consolidated Appropriations Act, FY 2021 (P.L. 116-260)	312,565		312,565	305,739	6,826
Total Consolidated Appropriations Act, FY 2021	**$509,000**		**$509,000**	**$502,124**	**$6,876**
American Rescue Plan					
Taxpayer Services	**$422,125**	**($2,845)**	**$419,280**	**$317,599**	**$101,681**
Advance Tax Year 2021 Child Tax Credit (P.L. 117-2)	206,300		206,300	128,492	77,808
Cost of Economic Impact Payment 3 (P.L. 117-2)	215,825	(2,845)	212,980	189,107	23,873
Operations Support	**$939,575**	**$2,845**	**$942,420**	**$397,172**	**$545,248**
Advance Tax Year 2021 Child Tax Credit (P.L. 117-2)	190,900		190,900	140,689	50,211
Cost of Economic Impact Payment 3 (P.L. 117-2)	248,675	2,845	251,520	197,649	53,871
Cost to Integrate, Modernize, and Secure IRS Systems (P.L. 117-2)	500,000		500,000	58,834	441,166
Business Systems Modernization	**$500,000**		**$500,000**	**$117,035**	**$382,965**
Cost to Integrate, Modernize, and Secure IRS Systems (P.L. 117-2)	500,000		500,000	117,035	382,965
Total American Rescue Plan	**$1,861,700**		**$1,861,700**	**$831,806**	**$1,029,894**
Total by account					
Taxpayer Services	971,460	5,046	976,506	874,775	101,731
Enforcement	79,200	(16,497)	62,703	62,642	61
Operations Support	1,585,740	11,451	1,597,191	1,044,586	552,605
Business Systems Modernization	500,000		500,000	117,035	382,965
Total	**$3,136,400**		**$3,136,400**	**$2,099,038**	**$1,037,362**

[1] Included in the realignments is a $70 million realignment within the same appropriation, Operations Support. Therefore, it will not be reflected in this table. This realignment was within the American Rescue Plan - Cost of Economic Impact Payment 3, where $70 million budgeted for IT requirements was realigned to pay for increased postage costs. Spend plan requirements are estimated based on current projections and additional realignments may be necessary.

[2] For the supplemental funds from the CARES Act (P.L. 116-136) and Families First Coronavirus Response Act (FFCRA) (P.L. 116-127), IRS obligated a total of $765.1 million. The $592 thousand balance of the CARES Act funds expired at the end of FY 2021. IRS fully utilized the FFCRA funds. For the supplemental funds from the Consolidated Appropriations Act of FY 2021 (P.L. 116-260), IRS obligated $502.1 million. The $6.9 million balance expired at the end of FY 2021. For the supplemental funds from the American Rescue Plan (P.L. 117-2), IRS has obligated $826 million through December 31, 2021.

The IRS received $15 million in the Families First Coronavirus Response Act and $750.7 million in the Coronavirus Aid, Relief and Economic Security Act for the IRS to change its operations to operate during the pandemic and implement EIPs and other tax changes. The IRS received an additional $509 million in the Consolidated Appropriations Act, FY 2021, to carry out a second round of EIPs and address COVID-related tax administration issues. Finally, the IRS received $1.465 billion in the American Rescue Plan for a third round of EIPs and information technology modernization as well as $397.2 million to carry out advance payments for the CTC. For additional information on IRS's COVID related programs, please reference the Treasury Coronavirus Relief, Response, Aid, and Recovery Programs Congressional Justification.

4.2 - Carryover Investments from FY 2022 Congressional Justification

During the latter part of the development of the 2023 Budget, a full year FY 2022 appropriations bill was not enacted. Therefore, we assume the starting point to be an annualized CR, the FY 2023 budget includes FY 2022 CJ program increases. Although the investments vary slightly in cost, the overall amounts from FY 2022 remain the same. The FY 2022 budget levels may impact the prioritization of these investments in FY 2023. The following descriptions are summarized from the FY 2022 CJ.

Putting Taxpayers First +$179,052,000 / +294 FTE

Position Type/Other Costs	FTE	Positions	$000
User Authentication		**0.00**	**$27,000**
Contract Services			27,000
Expand Digital Services	**168.5**	**337**	**$104,720**
Appeals Officer	9	18	1,273
Attorney	2	4	484
IT Specialist	157.5	315	25,188
Contract Services			77,775
Seamless Experience	**115.5**	**231**	**$35,063**
Revenue Agent	50	100	12,495
Appeals Officer	16	32	2,966
IT Specialist	49.5	99	15,544
Contract Services			4,058
Focused Strategies for Reaching Underserved Communities	**10**	**20**	**$12,269**
Tax Law Specialist	3.5	7	456
Program Analyst	6.5	13	7,313
Contract Services			4,500
Total	**294**	**588**	**$179,052**

User Authentication +$27,000,000 / 0 FTE

Section 2304 of the Taxpayer First Act (TFA) requires the IRS to verify the identity of any individual opening an e-Services account with the Internal Revenue Service before such individual can use the e-Services tools. IRS will utilize the services of a third-party vendor, which charges a variable rate based on the authentication option for each new taxpayer who signs up for an IRS online account. Funding will provide authentication services for approximately 7.9 million additional taxpayers will register for such services as applying for an Identity Protection Personal Identification Number, obtaining a transcript, viewing account information, entering into an Online Payment Agreement, and functionalities of the Tax Professional Account application.

Expand Digital Services +$104,720,000 / +168 FTE

Funding for this initiative will enhance the IRS's Online Account for individual taxpayers and expand this service to tax professionals. Some aspects of this initiative will rely on strengthening and expanding use of data. Additional authenticated online self-services will include account updates, secure messaging and notice delivery, full interaction history and issue status, refund tracking, expand digital payment options, increase electronic receipt of filings and scanning/data capture for paper filings, document upload, and more. Taxpayers will see expanded scope for e-signatures, secure document exchange and expanded payment options like Venmo and PayPal, and web chat and other digital assisted services, including:

- Expanded Online Account features:
  - View Payment, Make a Payment, and Create A Payment Plan and
  - Digital Notices w/ Opt-in Subscription for Notifications.
- Tax Professional Account: Establish Digital Power of Attorney (Form 2848) with eSignature;
- Secure document exchange: Large and Small Business Secure Messaging/File Sharing (Document Upload);
- Digitize more tax forms;
- Expanded payment options to include tools like Venmo, PayPal, Apple Wallet, and Google Pay; and
- Foundational IT infrastructure enhancements for eSignature solutions.

Seamless Experience +$35,063,000 / +116 FTE

The IRS will provide taxpayers with their preferred channel of service (web, phone, in person, etc.) and guide them through the necessary assistance to fulfill their needs. Information about the taxpayer's entire experience (past and present) will be available to every representative of the organization and across all channels in real time. With the introduction of an integrated omni channel model, a taxpayer could begin on IRS.gov and then shift to click to-call or chat options to engage an assistor without leaving the website. With the introduction of AI and robotics, the IRS can better help the taxpayer. The following are highlights of what will be accomplished with FY 2022 funding:

- Expand Automated Callback by adding 10 additional applications and provide Wait Time Transparency to the taxpayer. Currently, there is callback on 5 applications, representing 19 percent of total average demand;
- Continue integrating Enterprise Case Management (ECM) systems towards a 360-degree view of the taxpayer for all taxpayer-facing employees;
- Expand appointment process and system to all taxpayer-facing employees, including both service and compliance (currently, taxpayers can only make appointments with Taxpayer Assistance Center (TAC) employees);
- Expand and improve routing options and create an escalation process to resolve issues outside the scope of the initial contact employee; and
- Develop AI-Powered Digital Appointments that will allow the taxpayer to use a chatbot to make appointments.

Focused Strategies for Reaching Underserved Communities +$12,269,000 / +10 FTE

Bringing together ongoing efforts within the IRS and leveraging its ecosystem of partnerships, the IRS will establish a consolidated program to engage with historically underserved communities to address issues of communication, education, transparency, trust, and limited access to quality products and services. As shown by the EITC Underserved Outreach Project in 2014, developing specific strategies for underserved communities is crucial to increasing voluntary compliance. The EITC project increased filing rates by adding 53,000 filers and $27 million in additional taxes paid. The IRS will develop strategies for each underserved segment based on focused research, best practices, and lessons from partners on ways to improve interactions within these communities. Immediate benefits to the taxpayer will include new assistance in hard-to-reach areas where receiving help is currently difficult, convenience via virtual chatroom authentication procedures, and expanded access to additional information to assist international taxpayers. Aspects of this initiative will rely on improving the IRS's proactive outreach, expanding, and strengthening the IRS's network of partnerships and leveraging relationships across public, private, and non-profit sectors. The following are highlights of what will be accomplished with FY 2022 funding:

- Establish an organization within the IRS dedicated to developing, overseeing, and implementing these strategies with an agency-wide perspective and scope;

- Establish stronger community presence by hiring and training new staff to add new professionals in hard-to-reach communities;
- Use a data-driven approach to identifying content for translation to four additional languages;
- Increase multi-lingual staffing and better leverage employee multilingual skills;
- Authenticate international online accounts;
- Host virtual chat rooms and live forums for international taxpayers; and
- Expand access to information and services to taxpayers living abroad.

Ensure Fairness of the Tax System +$469,293,000 / +2,513FTE

Increase Examination of Large Business, Partnership and High Wealth Individual Returns +$213,125,000 / +915 FTE

Position Type/Other Costs	FTE	Positions	$000
Increase Examination of Large Business, Partnership and High Wealth Individual Returns	741	1,482	$178,201
Revenue Agent/Mgrs	621.5	1,243	161,504
Techincal/Territory Mgr	3	6	694
Economist/Mgr	7.5	15	2,010
Engineers/Mgr	7.5	15	1,968
Analyst/Clerical Spt	52.5	105	6,396
TE/Aide	49	98	5,629
Other Direct Costs	174	348	$34,908
Attorney	28	56	6,547
Counsel Ad Min Spt	4	8	779
Appeals Officer	107	214	19,929
Revenue Agent	16	32	5,207
Exam Aides/TE's	19	38	2,446
Total	915	1,830	$213,109

This investment will allow the IRS to increase examinations of business organizations and high wealth individuals, which have become major sources of compliance risk in recent years. The IRS contends with a wide variety of business organizations operating in the United States and abroad with different filing requirements, and their rapid growth represents a significant compliance risk. These organizations include businesses such as sole proprietors, corporations, partnerships, and S-corporations, as well as trusts and non-profits. Partnership businesses continue to be the fastest growing segment of all tax returns filed.

The IRS is requesting additional examination employees to offset declines in staffing and enhance its Large Corporate Compliance (LCC) program. This program requires additional revenue agent employees and supporting management to conduct examinations of taxpayers in the LCC program. The number of large corporate (>$250M Assets) return filings has increased from 7,879 for 2010 returns to 12,102 for 2020 returns. During that time the decline in staffing has resulted in the large corporate audit coverage rate decreasing from 36.5 percent for 2010 returns to 7.7 percent for 2016 returns. This results in increased risk to the integrity of the nation's voluntary tax compliance system.

Another increasing source of compliance risk is high wealth individuals. High wealth individuals frequently operate complex enterprises consisting of multiple related entities that often have international components. The IRS takes a unified look at the entire web of entities controlled by high wealth individuals to better assess the risks of noncompliance. Large Business & International's Global High Wealth (GHW) program uses identification models to filter based on estimated net worth in the tens of millions using data points including passive vs. non-passive income, interest, dividends, etc. The overall audit rate for the identified GHW taxpayer population (which generally ranges from 40,000-60,000 taxpayers per year), those with income and assets in the tens of millions of dollars, is 0.2 percent. GHW uses a unique enterprise approach, which looks at the complete financial picture of high wealth individuals and the enterprises they control, that has proven successful, rather than the traditional return by return approach. GHW examiners average roughly $1,300 of recommended adjustments per exam hour on taxable entities and over $10,000 of recommended adjustments per exam hour on partnerships. This investment will more than double the size of GHW, thereby allowing it to double the number of examinations it conducts once new employees have completed training and become fully productive.

This investment will allow the IRS to:

- Hire additional revenue agents who will be devoted solely to working partnership cases;
- Increase the number of auditors with specialized knowledge in partnership law and audit procedures;
- Double current audit coverage of partnerships within 4 years; and
- Produce additional enforcement revenue of approximately $1.86 billion from FY 2022-2026.

Once implemented, this investment will allow the IRS to eventually double its compliance efforts on partnerships and high wealth returns. The resources sought in this investment will also allow the IRS to devote more resources to its core corporate work on large corporate examinations. Finally, this investment will allow the IRS to increase its work in the Cross Border and Treaty and Transfer Pricing Operations as needed to fully support corporate, partnership, and high wealth exams.

Expand Cyber Crimes and Applied Data Analytics Efforts +$56,732,000 / +134 FTE

Position Type/Other Costs	FTE	Positions	$000
Expand Cyber Crimes and Applied Data Analytics Efforts	129	258	$55,291
Special Agent	57	114	23,832
Analyst	72	144	10,361
Contract Support			21,098
Other Direct Cost	5	10	$1,441
CT Legal Support-Attorney	5	10	1,441
Total	134	268	$56,732

Data sets and data science methodologies now exist to connect the most remote financial transaction between apparent disparate actors which can be the key piece of evidence to break open the most complex financial investigation. These techniques are integral to the work of the IRS's Criminal Investigation Division (CI) and criminal case development.

This investment will be used to:

- Establish a Criminal Data Team to identify existing and new data sources;
- Hire inventory data and categorize its use;
- Perform validation as needed;
- Allow CI to intake, interrogate, mine and operationalize its available data appropriately; and
- Align leading data practices in the private sector and other innovation opportunities.

Currently, the data created/received through investigations, received from law enforcement partners, and received through disclosures and referrals is not categorized or stored in an accessible location. As a result, CI's ability to use that data for analytics and enforcement operations is very limited. New data sources, including open source and data held by other agencies, are identified almost daily and in most cases is currently not obtained or mined for its potential. A CI Data Team responsible for all CI data activities will make data intake and processing routine to enable effortless integration into CI's most complex investigations and ultimately advance CI's ability to enforce tax compliance.

CI is authorized to use a wide array of investigative techniques, including developing innovative approaches to investigations using existing data sets, commercial (purchased) data sets, data sets from other government agencies, and open source data sets. Funding is requested to purchase and ingest this data into a modern computing environment available to CI users. Additionally, CI partners with internal and external stakeholders to use robust advanced modeling and data-driven algorithms to deliver high impact investigations which either preempt or quickly address emerging threats and advance the mission of the IRS. A portion of these activities will require contractor funding for lead generation and case development using these modern techniques.

In FY 2020, CI's new National Analytics team within CI's Applied Analytics section worked with 9 Field and HQ offices on pilot projects to test the efficacy of advanced analytical modeling in case development and field office investigations. As a result, the need for analytical services across the field offices to pursue criminal tax enforcement far outpaced CI's Applied Analytics capacity. This initiative will hire and train an additional 82 analysts (investigative analysts and data scientists) to work across the field offices on larger initiatives using advanced statistical modeling and machine learning techniques to identify criminals, criminal patterns, and illicit behaviors. CI's Applied Analytics would stand up two or more teams to work with CI's investigative offices. With this initiative, CI will develop and train Field Office and Headquarters personnel in the tools/technology and the methodologies used to grow overall cyber and analytical capabilities. CI will also bring advanced modeling initiatives to maturity and provide more opportunities for innovation. In addition, funding will allow the IRS to advance IT technology to assist in the efforts of investigating cybercrimes.

CI continues to advance the level and degree of work performed in cybercrimes, whether it pertains to the investigation of dark web marketplaces, cryptocurrency-related fraud, or a host of other internet-based activities. The Cyber Support Unit will allow the IRS to provide a specialized skillset of capabilities around open-source intelligence, dark web research and cryptocurrency tracing aspects in support of ongoing investigations in the field.

CI traces money all around the world, whether transmitted within the shadows of the dark web or otherwise. An example of CI's ability to detect criminal activity involved a darknet-based Bitcoin Mixing Service. This major case investigated a darknet search engine and money laundering service that was integrated into major darknet markets such as AlphaBay, Silk Road II, Abraxxas, and many others. It worked by tumbling bitcoins from users and vendors on darknet markets with new, "clean" bitcoin to obfuscate the illicit source of the bitcoin. Approximately 356,000 bitcoins moved through the site, with a value of over $300 million at the time of the transactions. Data obtained from these servers will assist investigations all around the world, since criminals use tumblers to obfuscate the crypto trail. Evidence obtained from this investigation will serve as the missing link or puzzle piece in many sophisticated bitcoin transaction investigations.

Cyber Agents will be working the most complex cyber investigations within CI and afforded the necessary access to specialized tools and resources needed to prosecute this level of criminals. IRS will use these funds to stand-up and equip the Advanced Collaboration and Data Center (ACDC), including Special Agents, tools, technology, and capabilities in one physical location. This new center will be able to complete approximately 800 additional criminal investigations from FY 2023 to FY 2027.

Strengthen Taxpayer Confidence in the Tax-Exempt Sector +$18,581,000 / +115 FTE

Position Type/Other Costs	FTE	Positions	$000
Protect Retirement Plans	**49.5**	**99**	**$7,994**
Revenue Agent	45	90	7,314
Manager	3	6	466
Clerk	1.5	3	214
Protect Tax-Exempt Sector and Government Entities	**49.5**	**99**	**$7,994**
Revenue Agent	45	90	7,314
Manager	3	6	465
Clerk	1.5	3	214
Fraud Prevention	**16**	**32**	**$2,593**
Revenue Agent	15	30	2,438
Manager	1	2	155
Total	**115**	**230**	**$18,581**

The entities that fall with Tax Exempt & Government Entities' (TE/GE) jurisdiction are diverse in form and function, ranging from charitable organizations and small business retirement plans to multi-billion-dollar bond issuances. The one thing they share is that they are all exempt from or not subject to federal income tax. Although these organizations are generally exempt from taxation on their income, they may be subject to other federal taxes, such as excise and employment taxes, and they contribute substantially to the economy, controlling $47 trillion in assets, employing almost 25 percent of the American workforce, and accounting for about 20 percent of nearly $1.3 trillion in federal tax expenditures.

Taxpayer confidence in the tax-exempt sector is essential to preserving and protecting charitable tax deductions and the retirement savings of everyday Americans. The IRS proposes a multifaceted approach to increase taxpayer confidence and ultimately protect these taxpayer investments to include:

- Protect Retirement Plans: requested positions will conduct enforcement activities to identify compliance issues with sponsored retirement plans and assist small businesses with their regulatory requirements to maintain their tax preferred status. These activities ultimately protect their employees' retirement plan contributions.

- Protect Tax-Exempt Sector and Government Entities: requested positions will address tax-compliance responsibilities of organizations exempt from income tax under Internal Revenue Code Section (IRC) 501 including charities, private foundations, and other types of exempt organizations, such as business leagues, labor unions, and veterans' organizations; Political organizations described in IRC 527. These resources will increase compliance with unpaid taxes for taxable activities in the exempt organization sector through enforcement activities. Overall, these activities will result in increased compliance, and help preserve the public's confidence in their charitable donations. In addition, these resources will facilitate compliance of municipal debt issuance of tax-advantaged bonds including tax-exempt bonds, tax credit bonds and direct pay bonds. These resources will also assist Indian Tribal Governments, and Federal, State, and Local Governments in meeting their federal tax obligations. Ultimately these resources will help various types of tax-exempt and government entities, and tax-exempt bond issuers remain compliant with their respective federal tax obligations and support improving taxpayer confidence throughout these sectors.

- Fraud Prevention: requested positions will support expanded fraud enforcement activities. While we recognize most stakeholders and taxpayers in the tax-exempt sector strive to remain compliant, there are purposeful bad actors engaging in increasingly complex transactions and structures to avoid taxation and to mask other illegal activities. These resources will be applied to directly address these emerging fraudulent activities and trends in the tax-exempt sector.

Once these staffing resources are fully trained, the IRS will be able to conduct an additional 3,192 examination closures. As a result, the public's confidence will be strengthened as retirement plans become more compliant, unrelated business income taxes are addressed, and fraud is prevented in these important tax-exempt arenas.

Increase Pre-Refund Audit and Examination +$45,619,000 / +455 FTE

Position Type/Other Costs	FTE	Positions	$000
Increase Pre-Refund Audit and Examination	**455**	**910**	**$45,618**
Tax Examiners	455	910	44,490
Contractual Services			1,128
Total	**455**	**910**	**$45,618**

The Correspondence Examination program fairly and effectively assist taxpayers by providing accurate and consistent information to help them understand the refundable tax credits and eligibility requirements. The program also addresses the tax gap through increased enforcement through individual reporting compliance, such as refundable credits. This investment will strengthen the integrity of the tax system and protect the public interest by detecting and preventing improper refunds and by educating customers in accordance with the Taxpayer Bill of Rights. The additional staffing will be used to reverse and prevent a decline in the audit coverage rate, and simultaneously enhance the administration of refundable credits through a balanced approach that encourages eligible taxpayers to apply for the credits and reduces the number of claims paid in error.

<u>*Enhance Enforcement Efforts +$106,525,000 / +809 FTE*</u>

Position Type/Other Costs	FTE	$000
Collection Programs	**339**	**$40,344**
Revenue Officers	116	18,457
Customer Service Representative	116	10,001
Tax Examiner	107	11,886
Support Staff		
Examination Programs	**348**	**$45,567**
Revenue Agents	181	29,584
Tax Compliance Officers	78.5	7,597
Tax Examiner	83.5	7,860
Support Staff	5	526
Compliance PMOs	**10**	**$1,357**
Office of Fraud Enforcement	5	679
Office of Promoter Investigations	5	679
Other Direct Costs	**112**	**$19,257**
Appeals	48	9,136
Counsel	36	7,059
SB/SE Operations Support	8	1,136
WAGE - AM & SP		203
PGLD	3	397
HCO	3	385
TAS	14	942
Total	**809**	**$106,525**

This investment will allow additional examination and collection employees to increase efforts in critical Examination and Collection activities. The decline in staffing since FY 2010 has led to a decrease in the individual audit coverage rate from 1.0 percent in Tax Year 2010 to 0.43 percent in Tax Year 2017, which increases the risk to the integrity of the nation's voluntary tax compliance system. The collection coverage rate, which is defined as the volume of collection work disposed compared to the volume of collection work available, has also seen a decline, dropping from 50.1 percent in FY 2010 to just 34.9 percent in FY 2020. The additional resources will fund compliance priorities and allow for earlier case assignment and resolution.

Examination programs will provide increased emphasis on audits of small corporations and sole proprietors with business income. Collection programs will focus their efforts on high income non-filers and delinquent employment taxes. This investment is expected to annually produce additional enforcement revenue of $1.1 billion, once the new hires reach full potential in FY 2025, an ROI of $6.5 to $1. These resources will:

- Provide 500 additional examination staff to increase the number of audits and close more than 9,300 field examination cases and 12,000 correspondence examination cases, and 79,000 Automated Underreporter cases;
- Provide 420 additional collection staff to expand programs that address non-filing and underpayment of taxes to handle 21,800 additional field collection cases and 136,600 Automated Collection System cases;
- Expand several Compliance Services Collection Operations programs that address non-filing of taxes through the notice process by 303,600 notice dispositions and cases;

- The Office of Fraud Enforcement (OFE) will expand fraud awareness and strengthen ties between the civil and criminal enforcement arms of the IRS and with other federal departments and agencies. OFE will expand projects that investigate hidden ownership of virtual currencies with a focus on high income individuals and entities; and
- The Office of Promoter Investigations (OPI) will focus on taxpayers and promoters of abusive tax avoidance transactions including conservation easements, virtual currencies, and offshore transactions.

Expand Tax Compliance +$28,671,000 / +85 FTE

Position Type/Other Costs	FTE	Positions	$000
Expand Tax Compliance	**85**	**170**	**$28,671**
Special Agent	66	132	26,130
Analyst	19	38	2,541
Total	**85**	**170**	**$28,671**

This investment will enhance overall enforcement efforts, increase the number of convictions, and expand the IRS's capabilities in core tax enforcement areas. With an increase of approximately 400 additional criminal investigations completed, after agents reach full potential and case time, would result in increased convictions. It serves to enforce the law, ensure compliance with tax responsibilities, and aid the IRS in combating fraud. This investment supports the IRS Strategic Goals by enforcing domestic and international compliance across all program areas while utilizing innovative approaches and strengthening existing expertise. Further, this investment will support initiatives designed to identify trends, detect high-risk areas of noncompliance, and prioritize enforcement approaches by applying advanced analytics.

These resources will also allow the IRS to increase its participation in multi-agency task forces dedicated to tax administration. They will:

- Enhance cooperation with state and local law enforcement agencies in jurisdictions where prosecutorial actions would have the greatest influence;
- Obtain information about ongoing criminal activity involving federal and state tax refunds allowing expedited prosecution by the Department of Justice to reduce the financial loss to the IRS and the taxpayer;
- Target larger-scale crime rings for maximum compliance results and publicity; and
- These resources will also support special agents conducting outreach to state and local law enforcement to expand the Law Enforcement Assistance Program. In addition, special agents will extend outreach efforts to practitioners from filing season only to year-round to provide information and address return preparer concerns.

This investment also will provide analysts to support this investment by gathering the data in support of the violations of tax and other financial laws and regulations enforced by the IRS. They will provide an analysis of this information, capturing the full scope of the identified questionable activities and provide hands on support to the criminal investigation. They will develop queries to obtain the necessary information and to perform an assessment of the responses to discern the interrelationships to determine impact and possible ramifications of the tax related criminal and financial activities.

Improve Live Assistance +$189,112,000 / +2,348 FTE

Increase Telephone Level of Service & Reduce Correspondence Inventory +$157,752,000 / +1,998 FTE

Position Type/Other Costs	FTE	Positions	$000
Increase Telephone Level of Service and Reduce Correspondence Inventory	**1,998**	**1,998**	**$157,752**
Seasonals	1,050	1,050	80,222
Customer Service Rep	888	888	73,254
Manager	60	60	4,276
Total	**1,998**	**1,998**	**$157,752**

This investment will allow the IRS to increase the telephone level of service (LOS) and significantly reduce the correspondence inventory.[1] The IRS toll-free telephone customer service operation is a key part of the IRS's service delivery. This investment provides a projected LOS of 30 percent in FY 2022, assuming phone demand returns to pre-pandemic levels and the IRS can provide in-person services at pre-pandemic levels. Providing quality taxpayer service is crucial to ensuring voluntary compliance.

TAC Optimization Strategy +$31,360,000 / +350 FTE

Position Type/Other Costs	FTE	Positions	$000
Taxpayer Assistance Centers (TAC)	**350**	**350**	**$31,360**
Accounts Management Rep	350	350	12,600
Contractural Services			2135
Other Direct Costs			16,625
Total	**350**	**350**	**$31,360**

This investment funds staffing increases to achieve optimal staffing levels for IRS Taxpayer Assistance Centers (TACs), improving the taxpayer experience. These staffing levels will allow the IRS to re-open TACs and restore office hours, allowing taxpayers to schedule appointments sooner. With increased TAC funding, the IRS anticipates additional contacts with over 880,000 taxpayers.

[1] The customer service representatives who work the phones during the busy filing season are also the same employees who work the paper inventory. Thus, given the current backlog of paper inventory, IRS would be able to use these resources immediately for paper inventory reduction efforts if necessary.

Integrated Modernization Business Plan +$78,143,000 / +104 FTE

Position Type/Other Costs	FTE	Positions	$000
IT Modernization Plan	**104**	**208**	**$78,143**
IT Specialists	104	208	1,270
Contractual Services			65,045
Hardware/Software			11,828
Total	**104**	**208**	**$78,143**

The Integrated Modernization Business Plan remains a key IRS priority. The Plan provides a long-term approach to technological advances, which will transform the taxpayer experience by making our services simpler, quicker, and more responsive. Additionally, the plan will deliver technology to enable a service experience comparable to private industry; streamline and integrate IT programs that provide top-quality service; retire and replace legacy systems with more sustainable infrastructure; and continue to protect taxpayer data and address emerging threats.

The IRS continues to make progress implementing the Plan using the American Rescue Plan funding but needs additional resources to continue the modernization journey.

4.3 – Summary of IRS FY 2023 Cyber Security Budget Request

Bureau: Internal Revenue Service **Summary of FY 2023 Cybersecurity Request**	TAXPAYER SERVICES		ENFORCEMENT		OPERATIONS SUPPORT		BSM		TOTAL	
	$000	FTE	$000	FTE	$000	FTE	$000	FTE	$000	FTE
FY 2022 Annualized CR (ACR)	**$16,768**	**40**	**$17,258**	**66**	**$244,062**	**548**	**$38,100**	**19**	**$316,188**	**673**
Changes to Base:										
FY 2023 Maintaining Current Levels (MCLs)	**$492**		**$632**		**$6,960**		**$893**		**$8,977**	
Pay Annualization (2.7% average pay raise)	49		90		653		12		804	
Pay Raise (4.6% average pay raise)	254		463		3,362		63		4,142	
Non-Pay	189		79		2,945		818		4,031	
Base Adjustment			**$369**	**1**					**$369**	**1**
Adjustment to Reach Current Operating Levels			369	1					369	1
Subtotal FY 2023 Changes to Base	**$492**		**$1,001**	**1**	**$6,960**		**$893**		**$9,346**	**1**
FY 2023 Current Services	**$17,260**	**40**	**$18,259**	**67**	**$251,022**	**548**	**$38,993**	**19**	**$325,534**	**674**
Program Increases:										
Putting Taxpayers First	81,000				102				81,102	
Integrated Modernization Business Plan							5,348	2	5,348	2
Focused Strategies for Reaching Underserved Communities					1				1	
Subtotal FY 2023 Program Increases	**$81,000**				**$103**		**$5,348**	**2**	**$86,451**	**2**
Total FY 2023 Request	**$98,260**	**40**	**$18,259**	**67**	**$251,125**	**548**	**$44,341**	**21**	**$411,985**	**676**
Dollar/FTE Change FY 2023 Request over FY 2022 ACR	$81,492		$1,001	1	$7,063		$6,241	2	$95,797	3
Percent Change FY 2023 Request over FY 2022 ACR	486.00%		5.80%	1.52%	2.89%		16.38%	10.53%	30.30%	0.45%

4.4 – Summary of IRS FY 2023 Budget Request

Bureau: Internal Revenue Service	TAXPAYER SERVICES		ENFORCEMENT		OPERATIONS SUPPORT		BSM		TOTAL	
Summary of FY 2023 Request	**$000**	**FTE**	**$000**	**FTE**	**$000**	**FTE**	**$000**	**FTE**	**$000**	**FTE**
FY 2022 Annualized CR (ACR)	**$2,763,606**	**27,990**	**$5,004,622**	**35,604**	**$3,928,102**	**11,631**	**$222,724**	**308**	**$11,919,054**	**75,533**
Changes to Base:										
FY 2023 Maintaining Current Levels (MCLs)	**$108,631**		**$202,663**		**$119,339**		**$5,730**		**$436,363**	
Pay Annualization (2.7% average pay raise)	17,105		32,228		12,812		401		62,546	
Pay Raise (4.6% average pay raise)	88,016		165,832		65,928		2,061		321,837	
Non-Pay	3,510		4,603		40,599		3,268		51,980	
Base Adjustment	**$90,285**	**825**	**$229,176**	**358**	**$115,991**		**$3,430**		**$438,882**	**1,183**
Adjustment to Reach Current Operating Levels	90,285	825	229,176	358	115,991		3,430		438,882	1,183
Subtotal FY 2023 Changes to Base	**$198,916**	**825**	**$431,839**	**358**	**$235,330**		**$9,160**		**$875,245**	**1,183**
FY 2023 Current Services	**$2,962,522**	**28,815**	**$5,436,461**	**35,962**	**$4,163,432**	**11,631**	**$231,884**	**308**	**$12,794,299**	**76,716**
Program Increases:										
Putting Taxpayers First	119,034	192	54,331	152	146,805	229			320,170	573
User Authentication	*81,000*								*81,000*	
Taxpayer Experience Strategy	*38,034*	*192*	*54,331*	*152*	*146,805*	*229*			*239,170*	*573*
Ensure Fairness of the Tax System			370,857	2,493	98,396	20			469,253	2,513
Enhance Taxpayer Service	304,167	3,858			84,945				389,112	3,858
Integrated Modernization Business Plan							78,143	104	78,143	104
Critical IT Operations					39,521	36			39,521	36
Focused Strategies for Reaching Underserved Communities					10,169	7			10,169	7
Subtotal FY 2023 Program Increases	**$423,201**	**4,050**	**$425,188**	**2,645**	**$379,836**	**292**	**$78,143**	**104**	**$1,306,368**	**7,091**
Total FY 2023 Request	**$3,385,723**	**32,865**	**$5,861,649**	**38,607**	**$4,543,268**	**11,923**	**$310,027**	**412**	**$14,100,667**	**83,807**
Dollar/FTE Change FY 2023 Request over FY 2022 ACR	$622,117	4,875	$857,027	3,003	$615,166	292	$87,303	104	$2,181,613	8,274
Percent Change FY 2023 Request over FY 2022 ACR	22.51%	17.42%	17.12%	8.43%	15.66%	2.51%	39.20%	33.77%	18.30%	10.95%
Technical Adjustments										
Rent Adjustment	265,830		368,613		(634,443)					
CFO Adjustment	33,040	176	42,051	224	(75,091)	(400)				
Subtotal FY 2023 Technical Adjustments	**$298,870**	**176**	**$410,664**	**224**	**($709,534)**	**(400)**				
Total FY 2023 Request incuding Technical Adjustments	**$3,684,593**	**33,041**	**$6,272,313**	**38,831**	**$3,833,734**	**11,523**	**$310,027**	**412**	**$14,100,667**	**83,807**
Dollar/FTE Change FY 2023 Request Including Technical Adjustments over FY 2022 ACR	$920,987	5,051	$1,267,691	3,227	($94,368)	(108)	$87,303	104	$2,181,613	8,274
Percent Change FY 2023 Request Including Technical Adjustments over FY 2022 ACR	33.33%	18.05%	25.33%	9.06%	-2.40%	-0.93%	39.20%	33.77%	18.30%	10.95%

Department of the Treasury
Departmental Offices
Salaries and Expenses

Congressional Budget Justification and Annual Performance Plan and Report

FY 2023

Table of Contents

Section I – Budget Request

A – Mission Statement
Treasury's mission is to maintain a strong economy by promoting conditions that enable equitable and sustainable economic growth at home and abroad, combating threats to, and protecting the integrity of, the financial system, and managing the U.S. government's finances and resources effectively.

B – Summary of the Request
The FY 2023 budget for Treasury Departmental Offices (DO) Salaries and Expenses (SE) provides necessary resources for the Treasury Department to address major issues confronting the U.S. economy and to rebuild Treasury's institutional capacity. Funding is requested to support climate initiatives, equity assessments, the expansion of the Treasury attaché program, and cybersecurity and facilities improvements.

These investments will enable Treasury to build on recent successes in fostering a robust and equitable economic recovery through implementation of pandemic relief programs; protecting the financial system by addressing risks related to real estate and digital assets; tackling the climate crisis by aligning public budgets, tax policy, and the flow of private capital with the goal of a global net-zero economy; and safeguarding our national security by improving the effectiveness of sanctions.

1.1 – Appropriations Detail Table
Dollars in Thousands

Appropriated Resources	FY 2021 Operating Plan		FY 2022 Annualized CR		FY 2023 Request		FY 2022 to FY 2023 % Change	
New Appropriated Resources	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**
Executive Direction	88	$37,333	102	$35,706	140	$49,496	37.3%	38.6%
International Affairs and Economic Policy	176	$53,661	180	$53,492	206	$70,662	14.4%	32.1%
Domestic Finance and Tax Policy	227	$79,566	239	$81,059	273	$100,703	14.2%	24.2%
Treasury-wide Management and Programs	99	$39,779	109	$40,249	118	$46,770	8.3%	16.2%
Committee on Foreign Investment in the United States	80	$22,661	110	$22,494	132	$25,611	20.0%	13.9%
Subtotal New Appropriated Resources	**670**	**$233,000**	**740**	**$233,000**	**869**	**$293,242**	**17.4%**	**25.9%**
Other Resources								
Reimbursable	40	$8,630	41	$11,500	41	$11,500	0.0%	0.0%
Transfers from CFIUS Fund	0	$15,000	0	$15,000	0	$15,000	NA	0.0%
Subtotal Other Resources	**40**	**$23,630**	**41**	**$26,500**	**41**	**$26,500**	**0.0%**	**0.0%**
Total Budgetary Resources	**710**	**256,630**	**781**	**$259,500**	**910**	**$319,742**	**16.5%**	**23.2%**

1.2 – Budget Adjustments Table

Dollars in Thousands

	FTE	Amount
FY 2022 Annualized CR	**740**	**$233,000**
Changes to Base:		
Maintaining Current Levels (MCLs):	0	$9,728
Pay Annualization	0	$1,179
Pay Raise (4.6% average pay raise)	0	$6,108
Non-Pay	0	$2,441
Non-Recurring Costs	0	($3,868)
Non-recurring Costs for CFIUS Investments	0	($3,868)
Transfers	(2)	0
Transfer of FTEs to SSP	(2)	$0
Other Adjustments:	0	$17,365
Adjustments to Meet Current Operating Levels*	0	$17,365
Subtotal Changes to Base	(2)	$23,225
FY 2023 Current Services	**738**	**$256,225**
Program Changes:		
Reinvestments	22	$3,868
Staffing to Support CFIUS Program Growth	22	$3,868
Program Increases:	109	$33,149
Departmental Offices Staffing*	86	$20,000
Equity Assessment and Program Evaluations	10	$3,579
Treasury Attaché Program Expansion	3	$3,074
Staffing to Support Climate Initiatives	9	$2,473
Cyber to Enhance National Security (OCCIP)	1	$295
DO Cyber Infrastructure (Incident Response and Threat Protection)	0	$1,185
Facilities and Office Infrastructure	0	$2,543
FY 2023 President's Budget Request	**869**	**$293,242**

*Included in the FY 2022 President's Budget

C – Budget Increases and Decreases Description

Maintaining Current Levels (MCLs) ....+$9,728,000 / +0 FTE

Pay Annualization (2.7%) +$1,179,000 / +0 FTE

Funds are requested for annualization of the January 2022 2.7% average pay raise.

Pay Raise (4.6 % in FY 2023) +$6,108,000 / +0 FTE

Funds are requested for a 4.6% average pay raise in January 2023.

Non-Pay +$2,441,000 / +0 FTE

Funds are requested for non-labor expenses such as travel, contracts, rent, supplies, and equipment.

Non-Recurring Costs ....-$3,868,000 / -0 FTE

Non-recurring Costs for CFIUS Investments -$3,868,000, -0 FTE

Non-recurring costs for CFIUS associated with the baseline completion of CFIUS's case management system and configuration of secure spaces for new CFIUS staff.

Transfers..-$0 / -2 FTE
Transfer of FTEs to SSP $0, -2 FTE
Transfer of 2 FTEs from DO SE to SSP after a determination that it more appropriately aligns with the purpose of the funding sources. Funding amounts will remain within DO SE to cover its portion of these services.

Other Adjustments...+$17,365,000 / +0 FTE
Adjustments to Meet Current Operating Levels +$17,365,000 / +0 FTE
Includes funding for the FY 2022 MCLs requested in the FY 2022 President's Budget and DO SE's portion of Departmental Offices (DO) projects to replace servers that have now reached the end of their useful life. This request also funds the modernization of critical equipment and software that support the DO workforce's fundamental information technology needs.

Reinvestments..+$3,868,000 / +22 FTE
Staffing to Support CFIUS Program Growth +$3,868,000 / +22 FTE
Increase in CFIUS staffing to continue in line with anticipated program growth.

Program Increases ....+$33,149,000 / +109 FTE
Departmental Offices Staffing +$20,000,000 / +86 FTE
This funding request is a continuation of the request included in the FY 2022 President's Budget for DO SE. This request seeks to provide Treasury's policy offices with baseline staffing levels needed support the core Treasury mission and the Secretary's priorities. During the prior administration, DO's policy-related staffing levels were reduced by a total of 11 percent. The Department is critically understaffed in key Treasury offices that are the nexus for the Department's response to economic crises and programs of national importance.

Treasury requests $20 million to fund 86 positions to carry out Treasury's mission and support key Administration priorities, including 1) responding effectively to the pandemic and supporting robust economic recovery; 2) addressing the threat of climate change; 3) addressing income inequality and ensuring racial equity; 4) reinforcing the United States' position on the world stage. This request also provides funding policy and oversight functions within DO that have seen outsized workload growth due to of unfunded mandates placed upon the Department. The following requests build on this baseline of 86 positions to provide for additional manpower that the Administration views as critical to carry out its long-term goals related to equity, climate, national security, and the U.S.'s engagement abroad, and stem from additional assessments, Executive Orders (EO), and recommendations provided to Treasury since the FY 2022 President's Budget was submitted.

Equity Assessment and Program Evaluations +$3,579,000 / +10 FTE
This request provides funding to support Equity Assessment Recommendations within DO, composed of 6 major components, focused on improving support to both internal and external priorities related to equity, including:

Staff to conduct analysis on **equity-related policy issues** and support the Department's equity goals through programming, policy-building, and other opportunities. This includes:
1. Policy analysis and partnership development focused on underserved communities.

2. Analysis, interagency policy development and implementation, and impact measurement on both the socially and economically disadvantaged and Tribal-related issues of equity, particularly associated with small business, entrepreneurship, financial services, public services, digital infrastructure, and other areas in the Office of Capital Access.
3. A dedicated Evaluation Officer to coordinate analysis and program evaluations for equity assessments, other congressionally mandated impact studies focusing on equitable distribution of resources, as well as studies to address Treasury learning agenda questions and increasing agency capacity to build evidence in support of Evidence Act Implementation.

Increased support for **Treasury-internal equity programs**, including:
1. Analyzing equity in procurement and creating mechanisms to enable continuous identification of opportunities to increase awards to underserved communities as required in EO 13985, *Advancing Racial Equity and Support for Underserved Communities Through the Federal Government.*
2. Growing recruitment pipelines to diverse talent, through an expansion of paid internship programs such as the Treasury Scholars Program (anticipated to grow from 15 interns to 40 annually) as required in EO 14035, *Diversity, Equity, Inclusion, and Accessibility in the Federal Workforce.*
3. Improving support and analysis of equity programs geared at DO's existing workforce, including an additional staff member to support Equal Employment Opportunity (EEO) efforts as required in EO 13985, 14035, and 13988, *Preventing and Combating Discrimination on the Basis of Gender Identity or Sexual Orientation*.

<u>Treasury Attaché Program Expansion +$3,074,000 / +3 FTE</u>
The 2021 National Defense Authorization Act authorized and required the expansion of the program by no fewer than six positions. This is the accompanying appropriations request for three of those six positions.

Treasury financial attachés are posted at U.S. embassies in foreign countries important to U.S. domestic and foreign economic and financial policy and the international fight against terrorism, money-laundering, and other illicit finance activities. The attachés complement the Ambassador in outreach to foreign finance ministries, international financial institutions, central banks, and other agencies, and supply the embassy and Treasury with detailed information and focused analysis of foreign economic and financial policies. Their unique perspectives are critical to the policy development and implementation and crisis management work at Main Treasury and in the U.S. interagency. Among other contributions, Treasury attachés:
1. Enhance Treasury's real time access to foreign officials, local experts, media, and financial market participants;
2. Conduct in-depth analysis of issues important to Treasury that can be done satisfactorily only with extended on-the-ground presence; and
3. Provide critical support to senior level Treasury trips through established contacts and relationships and advise on the value of certain meetings for officials from both governments. Treasury attachés are highly valued across the organization and provide access, information, and further the priorities of offices across DO.

Staffing to Support Climate Initiatives +$2,473,000 / +9 FTE
The Administration is targeting cuts to greenhouse gas (GHG) emissions by 50% to 52% from 2005 levels by 2030 and has outlined an ambitious plan to double international climate finance and triple international adaptation finance by 2024, to support communities transitioning away from coal and to encourage the private sector to disclose climate risk. The Administration has asked Treasury to play a key role in these efforts, but as currently staffed, Treasury will be limited in its ability to contribute to crucial elements of the climate agenda. Treasury's unique responsibilities on a range of programs related to climate change – including economic, financial sector, and climate-related government policies – will be reflected in an expanded climate strategy work program.

The first phase, funded from existing resources, included the creation of a new Climate Hub and Climate Counselor position. The second phase, previously requested in the FY 2022 President's Budget, will include the implementation of a Climate Hub to centrally coordinate and lead many of Treasury's efforts to address climate change. The Treasury Climate Hub will coordinate and enhance existing climate-related activities by harnessing the tools, capabilities, and expertise from across the Department – including from Domestic Finance, Economic Policy, International Affairs, and Tax Policy. With a view of all Treasury climate initiatives, the Hub will enable Treasury to move nimbly and efficiently in prioritizing climate action with support from DO staff.

This FY 2023 request is the third phase of the climate strategy, which provides staffing strength in International Affairs and Domestic Finance needed to support the Administration's climate priorities, including work connected to 1) climate transition finance, 2) climate-related policy, and 3) climate-related financial risks. This specifically would fund:

- **International economists and climate finance experts** to support initiatives outlined in the Administration's U.S. International Climate Finance Plan, Plan to Conserve Global Forests, and President's Emergency Plan for Adaptation and Resilience, including greater collaboration with multilateral development banks, climate investment funds, the International Monetary Fund, export credit agencies, the Financial Stability Board, international finance ministry counterparts, and private industry to address climate change internationally. These staff will also further our goal of ensuring comparability and accountability of climate commitments by other countries, including China, while advancing U.S. competitiveness.
- **Staffing for domestic climate** priorities, including increased collaboration with financial regulatory agencies to understand, convey, and mitigate climate-related financial risk, climate insurance assessments to be conducted by the Federal Insurance Office (FIO) to understand private insurance coverage gaps in regions of the country particularly vulnerable to climate change impacts, engagement with state and local markets on green bonds, work with local stakeholders on household financial resiliency to climate trauma and transition, and support for climate investment programming for transition innovation and adaptation.

Cyber to Enhance National Security (OCCIP) +$295,000 / +1 FTE
At present, the Office of Cybersecurity and Critical Infrastructure Protection (OCCIP) is staffed to support up to three ongoing sector-wide incidents at a time. Recent history has demonstrated that this staffing level is insufficient to handle the actual volume of incidents impacting the sector. The impact of the current climate crisis and potentially cyber events on a large scale can

disrupt financial services both domestically and internationally due to impacts to National Critical Functions as defined by the National Risk Management Center. Initial global estimates for the SolarWinds hack alone are upwards of $100B to contain damage to U.S. businesses and government agencies. Even with additional staffing to support the Financial Services sector amid an exponential increase of hacks globally, the sector will continue to experience substantial risk.

This request provides financial support for OCCIP that advances progress towards the strategic priority of enhancing national security. It includes one FTE to formalize, extend, integrate, and automate OCCIP programs and capabilities to improve the sector's ability to (1) identify and analyze risks to critical functions and (2) mitigate known and emerging risks, including climate-related risks.

<u>DO Cyber Infrastructure (Incident Response and Threat Protection) +$1,185,000 / +0 FTE</u>
The Department's forthcoming FY 2022 – 2026 Strategic Plan aligns cybersecurity under strategic goal two, Enhance National Security. It is predicted there will be an increase in global risks due to diverging interests among major powers, an expanding terror threat, and the spread of disruptive technologies. As foreign and domestic actors threaten the American economy and national security, Treasury must strengthen its cybersecurity posture, leverage its existing processes and tools, and strengthen bi-lateral and multi-lateral partnerships to protect the financial sector. With Treasury's increasing involvement in combatting cybercrime, we face increasing risk against the IT systems that support our authorities. DO is a primary target for nation state sponsored cyber criminals who seek to disrupt our capabilities and destroy our reputation. DO must invest in cyber protections commensurate with the risks incurred in our efforts to safeguard the financial sector, U.S. economy and in combating cybercrime.

Given the heightened risk for a cyber attack targeting DO, this request will enhance Treasury's ability to:

1. Protect: Invests in Microsoft FedRAMP High Government Community Compliance (GCC) licenses, which have been a key component of Treasury's response to SolarWinds. This includes enhanced security controls, monitoring, and threat protection, as well as improved data and identity management. These new capabilities are crucial to protect the 3,000 users within DO from potential ransomware.
2. Respond: Funds incident response investments which are important to continue to protect DO's IT infrastructure amid an uptick in cyber attacks due to DO's activities in the international ecosystem. This solution reduces attackers' ability to compromise systems and conduct reconnaissance, as well as reduces attacker's penetration capabilities.

For more information on enterprise-wide cybersecurity investments, please refer to the FY 2023 Cybersecurity Enhancement Account Congressional Budget Justification.

<u>Facilities and Office Infrastructure +$2,543,000 / +0 FTE</u>
This request provides funding for a repairs and improvements (R&I) account within DO for non-capital investments within Main Treasury (MT) and Freedman's Bank Building (FBB). The cost of maintaining historic office buildings of similar size to MT and FBB is estimated at approximately $2M in funding annually. Over the past 2 years, Treasury DO has incurred a myriad of expensive repairs, including to the power supply, fire pump replacement, transformer fluid replacement, portico, and miscellaneous water damage. In total, these costs have required DO to divert crucial resources away from other key priorities.

While the external repairs are being funded in Department-wide Systems and Capital Investments Program account (DSCIP) via a consolidated approach, ad hoc repairs and maintenance are usually completed because 1) emergency repairs cannot be planned for, and 2) many of the repairs are operational in nature and must-do fixes. There are multiple rooms within Main Treasury and Freedman's Bank in need of substantial repairs due to recent emergencies (e.g., water leaks, structural shortfalls, and elevator malfunctions) and the Secretary's Conference Room is presently unusable as a result. By not keeping up with maintenance and repair needs, the building systems and infrastructure will typically not have a full life expectancy and the resulting higher replacement costs place an even higher burden on Treasury facilities.

Likewise, this funding supports a transition to hybrid work. Like most workplaces, Treasury has transitioned to a hybrid work format which relies more heavily on virtual presence and collaboration software to accommodate the increased remote work necessary because of the pandemic. Treasury's mission requires it to collaborate with various partners including foreign governments, financial institutions, other federal agencies, local governments and citizens. A lack of funding for collaboration tools and remote work accoutrements necessary for our future of work plans will inhibit our ability to retain and attract staff and work with stakeholders and partners to accomplish Treasury's mission.

1.3 – Object Classification (Schedule O) Obligations

Dollars in Thousands

Object Classification	FY 2021 Actual Obligations	FY 2022 Estimated Obligations	FY 2023 Estimated Obligations
11.1 - Full-time permanent	99,319	109,570	135,082
11.3 - Other than full-time permanent	2,547	3,005	3,297
11.5 - Other personnel compensation	3,601	4,092	4,569
11.8 - Special personal services payments	603	603	635
11.9 - Personnel Compensation (Total)	**106,070**	**117,270**	**143,584**
12.0 - Personnel benefits	35,119	39,983	48,702
Total Personnel and Compensation Benefits	**$141,189**	**$157,253**	**$192,286**
21.0 - Travel and transportation of persons	1,227	3,782	3,910
22.0 - Transportation of things	191	156	172
23.2 - Rental payments to others	1,087	1,320	1,421
23.3 - Communications, utilities, and miscellaneous charges	14	97	69
25.1 - Advisory and assistance services	13,144	14,605	14,557
25.2 - Other services from non-Federal sources	3,096	1,966	2,591
25.3 - Other goods and services from Federal sources	82,559	74,499	98,831
25.4 - Operation and maintenance of facilities	139	101	114
25.7 - Operation and maintenance of equipment	74	236	242
26.0 - Supplies and materials	3,249	2,986	2,682
31.0 - Equipment	2,819	2,017	2,252
32.0 - Land and structures	4,930	482	613
Total Non-Personnel	**$112,529**	**$102,247**	**$127,455**
Total Obligations	**$253,718**	**$259,500**	**$319,742**
Full-time Equivalents (FTE)	**710**	**781**	**910**

Amounts reflect obligations of annually appropriated resources, carryover balances, reimbursables, and transfers.

D – Appropriations Language and Explanation of Changes

Appropriations Language	Explanation of Changes
DEPARTMENT OF THE TREASURY DEPARTMENTAL OFFICES *Federal Funds* SALARIES AND EXPENSES *For necessary expenses of the Departmental Offices including operation and maintenance of the Treasury Building and Freedman's Bank Building; 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; executive direction program activities; international affairs and economic policy activities; domestic finance and tax policy activities, including technical assistance to State, local, and territorial entities; and Treasury-wide management policies and programs activities, $293,242,000: Provided, That of the amount appropriated under this heading—* *(1) not to exceed $350,000 is for official reception and representation expenses;* *(2) not to exceed $258,000 is for unforeseen emergencies of a confidential nature to be allocated and expended under the direction of the Secretary of the Treasury and to be accounted for solely on the Secretary's certificate; and* *(3) not to exceed $34,000,000 shall remain available until September 30, 2024, for—* *(A) the Treasury-wide Financial Statement Audit and Internal Control Program;* *(B) information technology modernization requirements;* *(C) the audit, oversight, and administration of the Gulf Coast Restoration Trust Fund;* *(D) the development and implementation of programs within the Office of Cybersecurity and Critical Infrastructure Protection, including entering into cooperative agreements;* *(E) operations and maintenance of facilities; and* *(F) international operations.* Note.—A full-year 2022 appropriation for this account was not enacted at the time the budget was prepared; therefore, the budget assumes this account is operating under the Continuing Appropriations Act, 2022 (Division A of P.L. 117-43, as amended). The amounts included for 2022 reflect the annualized level provided by the continuing resolution.	

E – Legislative Proposals

Not to exceed 5 percent of any appropriation made available in this Act for the Department of the Treasury may be transferred to the Department's information technology system modernization and working capital fund (IT WCF), as authorized by section 1077(b)(1) of title X of division A of the National Defense Authorization Act for the Fiscal Year 2018, for the purposes specified in section 1077(b)(3) of such Act, upon the prior notification of the Committees on Appropriations of the House of Representatives and the Senate: Provided, That amounts transferred to the IT WCF under this section shall remain available for obligation through September 30, 2026.

Note: This request is proposed in the Treasury Administrative Provisions. Both the executive summary and budget appendix include the proposed language.

Section II – Annual Performance Plan and Report

A – Strategic Alignment

Departmental Offices (DO) is Treasury's headquarters bureau. It provides leadership in economic and financial policy, financial intelligence, and general management. Treasury utilizes effective management, policies, and leadership to protect our national security through targeted financial actions, promotes the stability of the nation's financial markets, and ensures the government's ability to collect revenue and fund its operations. DO operations align with all Treasury strategic goals and objectives. Specific alignment by budget activity is indicated below.

B – Budget and Performance by Budget Activity

2.1.1 – Executive Direction Resources and Measures

	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Resource Level	Actual	Actual	Actual	Actual	Actual	Annualized CR	Request
Appropriated Resources	$36,980	$32,993	$35,407	$36,775	$37,333	$35,706	$49,496
Reimbursable Resources	$22,997	$25,455	$4,863	$1,837	$1,789	$2,361	$2,361
Budget Activity Total	**$59,977**	**$58,448**	**$40,270**	**$38,612**	**$39,122**	**$38,067**	**$51,857**
Full-time Equivalents (FTE)	**161**	**159**	**113**	**102**	**94**	**108**	**146**

Executive Direction Budget and Performance

($49,496,000 from direct appropriations, $2,361,000 from reimbursable sources):

The Executive Direction program area provides direction and policy formulation to DO and the rest of Treasury and interacts with Congress and the public on policy matters.

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

2.1.2 – International Affairs and Economic Policy Resources and Measures

Dollars in Thousands

Resource Level	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Annualized CR	FY 2023 Request
Appropriated Resources	$57,191	$48,460	$52,428	$52,825	$53,661	$53,492	$70,662
Reimbursable Resources	$10,617	$9,795	$2,701	$1,293	$817	$1,329	$1,329
Budget Activity Total	**$67,808**	**$58,255**	**$55,129**	**$54,118**	**$54,478**	**$54,821**	**$71,991**
Full-time Equivalents (FTE)	**253**	**220**	**161**	**178**	**180**	**184**	**210**

Performance Measure	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2021 Target	FY 2022 Target	FY 2023 Target
IA - Monitor Quality and Enhance Effectiveness of International Monetary Fund (IMF) Lending Through Review of IMF Country Programs	100	100	100	100	100	100	100	100
IA - Monitor Quality and Enhance Effectiveness of MDB Lending through Review of MDB Grant and Loan Proposals	100	100	100	100	100	100	100	100
IA - Percentage of MDB Grant and Loan Proposals Containing Satisfactory Frameworks for Results Measurement	96.00%	97.60%	95.00%	96.00%	97.00%	95.00%	95.00%	95.00%
OTA - Program Engagement	4	3.8	3.8	3.3	3.6	3.6	3.6	3.6

International Affairs (IA) Description of Performance:

- Monitor Quality and Enhance Effectiveness of IMF Lending through Review of IMF Country Programs: This measure tracks efforts by IA staff to monitor the quality of IMF country programs and ensure the application of appropriately high standards for the use of IMF resources. The target (100 percent) was met in FY 2021. In FY 2022 and FY 2023, IA's target for this measure remains 100 percent.

- Monitor Quality and Enhance Effectiveness of Multilateral Development Banks (MDB) Lending through Timely Review of MDB Grant and Loan Proposals: IA reviews MDB loan and grant proposals to ensure that funded projects meet several key goals, which include supporting long-term U.S. objectives, having a measurable development impact, and being consistent with congressional mandates. The target (100 percent) was met in FY 2021. In FY 2022 and FY 2023, IA aims to continue its review of 100 percent of MDB loan and grant proposals prior to the date of the relevant Executive Board meeting, and to increase its oversight of projects during implementation.

- Percentage of MDB Grant and Loan Proposals Containing Satisfactory Frameworks for Results Measurement: This measure tracks the percentage of grant and loan project proposals that contain a satisfactory framework for measuring project results (such as outcome indicators, quantifiable and time-bound targets, etc.) This information is measured on an annual basis. In FY 2021, 97 percent of MDB grant and loan project proposals had excellent or satisfactory ratings for the results matrices. The FY 2022 target is 95 percent, and the FY 2023 target is 95 percent.

Office of Technical Assistance Description of Performance:

- Office of Technical Assistance (OTA) Program Engagement (Traction): Measures the degree to which foreign counterparts are engaging proactively and constructively with OTA advisors at the working and policy levels. A five-point scale is used to measure traction, with scores ranging from a low of 1, indicating there is little if any counterpart involvement, to a high score of 5, indicating that OTA advisors have regular and frequent meetings with counterparts and counterparts display high levels of involvement. Counterpart engagement is both a key outcome of OTA efforts to structure and execute effective technical assistance projects that support host country ownership. The result for FY 2021 is 3.6, an increase of 0.3 from the FY 2020 result, representing a return to historical levels after the program experienced a dip in traction associated with the challenges of providing technical assistance remotely during the COVID-19 pandemic. The increase in FY 2021 was due, in part, to the program's ability to resume in-person assistance for many of its bi-lateral technical assistance engagements globally and the continued improvement by the program in its use of remote tools (e.g., videoconferencing, collaborative software) to support projects when in-person assistance is not possible.

International Affairs and Economic Policy Budget and Performance
($70,662,000 from direct appropriations, $1,329,000 from reimbursable sources):
The offices in this budget activity promote economic growth in the United States by producing technical economic analyses for the Secretary and advancing U.S. economic and financial policy priorities around the world.

Office of International Affairs
This office supports the following strategic objectives for Strategic Goal 1, to Promote Equitable Economic Growth and Recovery:

- Objective 1.2: Global Economic Leadership. Generate sustainable and inclusive global economic growth.

This office supports the following strategic objectives for Strategic Goal 2, to Enhance National Security:

- Objective 2.1: Cyber Resiliency of Financial Systems and Institutions. Harden assets and systems of Treasury and the broader financial system to promote financial system resiliency.
- Objective 2.2: Economic Measures to Advance National Security. Enhance and protect national security through the application of targeted financial measures and review of certain foreign investments.
- Objective 2.3: Modernize Sanctions Regime. Modernize the development, implementation, enforcement, and maintenance of U.S. sanctions to ensure that sanctions remain a streamlined and effective foreign policy and national security tool.
- Objective 2.4: Transparency in the Financial System. Increase transparency in the domestic and international financial system.

This office supports the following strategic objectives for Strategic Goal 3, to Protect Financial Stability and Resiliency:

- Objective 3.1: Financial System Vulnerabilities. Identify and address current and emerging vulnerabilities to the stability of the U.S. and global financial systems to support more sustainable and equitable growth.
- Objective 3.3: Financial Innovation. Encourage responsible financial sector innovation.

This office supports the following strategic objectives for Strategic Goal 4, to Combat Climate Change:

- Objective 4.1: Global Climate Commitment and Leadership. Use U.S. leadership and commitment to significantly enhance global action and mobilize and align financial flows to combat climate change and enhance resilience within the new climate environment.
- Objective 4.2: Climate Incentives and Investment. Create and promote incentives and policies for the private sector to invest in climate-friendly and resilient projects and activities.
- Objective 4.3: Climate-related Financial Risks. Identify and mitigate key sources of climate-related financial risks to macroeconomy, financial system, investors, governments including federal and subnational exposures, and households, understanding that risks may have disparate impacts on disadvantaged communities.
- Objective 4.4: Sustainable Treasury Operations. Improve Treasury's overall environmental and energy sustainability and invest in Bureaus' adaptation and resiliency efforts to address climate change impacts on operations and services.

This office supports the following strategic objectives for Strategic Goal 5, to Modernize Treasury Operations:

- Objective 5.1: Recruit and Retain a Diverse and Inclusive Workforce. Recruit and retain a diverse workforce that represents communities that Treasury serves.
- Objective 5.2: Future Work Routines. Transform the Department's work routines to support changing mission and workforce needs.
- Objective 5.3: Better Use of Data. Increase timely access to and use of quality data and other types of evidence to inform decision-making.
- Objective 5.4: Customer Experience Practices. Mature and embed strong customer experience practices across the Department, establishing Treasury's reputation for consistently positive experiences.

International Affairs

IA promotes and supports economic prosperity and stability at home and abroad. IA's international economic engagements are guided by three strategic priorities: to restore U.S. leadership in the multilateral order, to address key global challenges, and to secure a more sustainable and inclusive recovery from the pandemic. IA promotes U.S. exports and job growth by encouraging key trading partners to pursue macroeconomic policies that address the COVID pandemic, shift to boosting domestic demand, move towards market-determined exchange rates, and create a level playing field for American firms and workers. IA also promotes robust international financial regulatory standards and multilateral solutions to international development, including addressing global challenges such as climate change, clean energy access, infrastructure development, food security, debt sustainability, and health.

In FY 2021, IA pursued a number of objectives: re-establishing U.S. climate leadership and raising global ambitions on climate finance; enhancing financial assistance to the poorest and most vulnerable economies; and establishing a new G20+ finance-health task force to better prevent, detect, and respond to future pandemics. In FY 2022, IA will seek to build on progress and to exit the crisis stronger and more resilient. IA is playing a leading role in the Administration's U.S. International Climate Finance Plan, Plan to Conserve Global Forests, and President's Emergency Plan for Adaptation and Resilience.

IA works to address the large and persistent global imbalances and unfair currency practices that threaten strong and sustainable U.S. economic growth. Treasury seeks to level the playing field for U.S. businesses through multilateral and bilateral engagements on foreign exchange practices and does this via multilateral and bilateral activities working through the International Monetary Fund (IMF) and the Group of 20 Nations (G20).

IA promotes sustainable and inclusive economic growth by leveraging U.S. leadership in the International Financial Institutions to mitigate emerging threats to the U.S. and global economies; supporting international trade and investment; scaling up infrastructure development in line with the Build Back Better World initiative; and reinforcing U.S. national security interests in key countries around the world. These institutions will play a significant role in Treasury's approach to the climate goals. Treasury IA seeks to bolster U.S. support for the multilateral development banks (MDB), including by promoting reforms to enhance how they leverage their capital and scale up their delivery and impact and continuing its close oversight of the institutions' efficiency, effectiveness, and financial discipline. IA will continue to advance the significant role of these institutions in delivering on Treasury's climate goals with respect to mitigation, adaptation, and climate finance.

Office of Technical Assistance
Treasury's Office of Technical Assistance (OTA) complements Treasury's international economic, financial, development, and terrorist financing policy work. OTA builds capacity in developing and transitional country governments to implement policies that support broad-based economic growth, financial sector stability and inclusion, climate and infrastructure finance, transparency and accountability in public finance, and protections against economic and financial crimes.

Office of Economic Policy (EP)
This office supports the following strategic objectives for Strategic Goal 1, to Promote Equitable Economic Growth and Recovery:
- Objective 1.1: Tax Administration and Policy. Enhance tax compliance and service; improve tax policy design.
- Objective 1.2: Global Economic Leadership. Generate sustainable and inclusive global economic growth.
- Objective 1.3: Economically Resilient Communities. Promote equitable financial recovery and growth through support and flow of capital to small businesses, households, and underserved communities

- Objective 1.4: Resilient Housing Market. Promote a stable and resilient housing market that expands fair and equitable access to homeownership and affordable rental opportunities and protects taxpayers.

This office supports the following strategic objectives for Strategic Goal 2, to Enhance National Security:
- Objective 2.2: Economic Measures to Advance National Security. Enhance and protect national security through the application of targeted financial measures and review of certain foreign investments.
- Objective 2.4: Transparency in the Financial System. Increase transparency in the domestic and international financial system.

This office supports the following strategic objectives for Strategic Goal 3, to Protect Financial Stability and Resiliency:
- Objective 3.1: Financial System Vulnerabilities. Identify and address current and emerging vulnerabilities to the stability of the U.S. and global financial systems to support more sustainable and equitable growth.
- Objective 3.3: Financial Innovation. Encourage responsible financial sector innovation.

This office supports the following strategic objectives for Strategic Goal 4, to Combat Climate Change:
- Objective 4.1: Global Climate Commitment and Leadership. Use U.S leadership and commitment to significantly enhance global action and mobilize and align financial flows to combat climate change and enhance resilience within the new climate environment.
- Objective 4.2: Climate Incentives and Investment. Create and promote incentives and policies for the private sector to invest in climate-friendly and resilient projects and activities.
- Objective 4.3: Climate-related Financial Risks. Identify and mitigate key sources of climate-related financial risks to macroeconomy, financial system, investors, governments including federal and subnational exposures, and households, understanding that risks may have disparate impacts on disadvantaged communities.

This office supports the following strategic objectives for Strategic Goal 5, to Modernize Treasury Operations:
- Objective 5.1: Recruit and Retain a Diverse and Inclusive Workforce. Recruit and retain a diverse workforce that represents communities that Treasury serves.
- Objective 5.2: Future Work Routines. Transform the Department's work routines to support changing mission and workforce needs.
- Objective 5.3: Better Use of Data. Increase timely access to and use of quality data and other types of evidence to inform decision-making.
- Objective 5.4: Customer Experience Practices. Mature and embed strong customer experience practices across the Department, establishing Treasury's reputation for consistently positive experiences.

Macroeconomic Analysis

During the past year, staff in the Office of Macroeconomic Analysis (Macro office) closely monitored U.S. economic performance. The office's analytic updates served as Senior Leadership's main internal information source on U.S. macroeconomic developments. The

Macro Office served on a wide range of high-level engagements and official publications, including the Bank/Fund and regional development bank meetings, meetings of the G-7 and G-20, the Quarterly Treasury Bulletin, the report to Congress titled, "Foreign Exchange Policies of Major Trading Partners of the U.S.," the Economy Statement for the Treasury Borrowing Advisory Committee, and the U.S. Government's Annual Financial Report. In addition, economists in the Macro office help prepare the economic assumptions used to create the Administration's Budget.

Microeconomic Analysis
The Office of Microeconomic Analysis has played a central role in the federal economic response to the pandemic and has continued its core role of aiding the Administration's development of broader economic policy on a wide range of topics. Activities over the past year have included analyses of the economic impact of the pandemic on individuals and firms; significant input into the development of American Rescue Plan (ARP) programs, including technical assistance to congressional staff; grant allocation formula design and data analysis for CARES/ARP implementation; policy input into the design of stimulus and recovery programs like the Infrastructure Investment and Jobs Act; contributions to public Treasury white papers on childcare and labor market competition; policy input and analysis on climate policy and energy market developments, and participation in the interagency Social Cost of Greenhouse Gases working group; primary contributions to Treasury's Russia sanction impact analysis; analytical support and policy advice for student loan debt relief proposals and Treasury equity initiatives; drafting of research plans for pandemic relief program evaluations, and reporting and analysis on the impact of the pandemic on state and local government finances; and ongoing coordination and analysis related to the Secretary's role as Managing Trustee of the Social Security and Medicare Trust Funds.

Social Impact Partnerships to Pay for Results Act
Economic Policy is also responsible for implementation and ongoing management of the Social Impact Partnerships to Pay for Results Act (SIPPRA) program. SIPPRA, signed into law on February 9, 2018, appropriated $100 million to fund social impact partnership projects and feasibility studies to prepare for such projects. Program funds may be obligated through February 8, 2028, and not less than fifty percent of funding for social impact partnership projects must be provided for initiatives that directly benefit children. The SIPPRA program aspires to demonstrate a new model of implementing and funding projects designed to solve entrenched societal problems such as homelessness, recidivism among juvenile offenders, and incidences of childhood abuse and neglect.

SIPPRA issued its first Notice of Funding Availability (NOFA) for demonstration projects on February 21, 2019. Of the twenty-one applications received and evaluated by Treasury staff and subject matter expert panels, eight applications were recommended by the Commission on Social Impact Partnerships to the Treasury Secretary for funding and to the Federal Interagency Council on Social Impact Partnerships for application certification. All eight applications were certified. Two applicants have since withdrawn their applications. Treasury has since then declined to make an award for one of the eight certified applications. Treasury is taking the necessary steps to make a final determination for the remaining certified applicant. Treasury, the Department of Labor, and the New York State Energy and Research Development Authority entered into

SIPPRA's first grant agreement for a social impact partnership project in March 2021. Treasury entered into grant agreements with the City and County of Denver in September 2021, with the State of Oklahoma in December 2021, and with the New York City Mayor's Office of Criminal Justice in December 2021. Treasury anticipates issuing an additional project NOFA in FY 2022.

2.1.3 – Domestic Finance and Tax Policy Resources and Measures

Dollars in Thousands

Resource Level	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Annualized CR	FY 2023 Request
Appropriated Resources	$83,104	$73,804	$72,570	$78,153	$79,566	$81,059	$100,703
Reimbursable Resources	$38,650	$42,042	$8,539	$7,042	$5,862	$7,571	$7,571
Budget Activity Total	**$121,754**	**$115,846**	**$81,109**	**$85,195**	**$85,428**	**$88,630**	**$108,274**
Full-time Equivalents (FTE)	**365**	**311**	**236**	**245**	**256**	**269**	**303**

Performance Measure	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2021 Target	FY 2022 Target	FY 2023 Target
DF - Variance Between Estimated and Actual Receipts (Annual Forecast) (%)	4.00%	2.33%	2.50%	11.10%	13.82%	N/A	N/A	4.25%

Key: NA-Not Available

Domestic Finance Description of Performance:

- Variance between estimated and actual receipts (annual forecast) (percent): As part of managing the federal government's central operating account and cash position, the Office of Fiscal Projections (OFP) forecasts net cash flows (e.g., federal receipts and outlays) to ensure that adequate funds are available daily to cover federal payments. To determine its overall effectiveness, one of OFP's metrics is to measure the variance between actual and projected federal receipts. A lower variance is better because that indicates a more accurate forecast. However, as a result of the economic impact of the COVID-19 outbreak and the legislative and regulatory response, the timing and level of receipts were highly unpredictable throughout FY 2021 and through the first quarter of FY 2022. Due to this elevated uncertainty, Departmental Offices suspended identification of the numeric metric for FY 2021, although OFP continued to track actual results relative to the historic metric. The actual variance for FY 2021 was 13.8 percent compared to the 4.25 percent historical target and the 3 percent average for the ten years preceding the COVID-19 outbreak (FY 2010 – 2019). Due to ongoing uncertainty surrounding the timing and level of receipts stemming from the continuing impact of the COVID-19 pandemic, Departmental Offices has again suspended identification of the numeric metric for FY 2022.

Domestic Finance and Tax Policy Budget and Performance
($100,572,000 from direct appropriations, $7,571,000 from reimbursable sources):
The Offices of Domestic Finance and Tax Policy monitor policy, legislation, and regulations, and provide advice and assistance to the Secretary about the financial services sector and taxes, as well as financial markets and the regulation of financial institutions. The Office of Tax Policy

supports the Administration's efforts in tax reform legislative proposals and regulatory implementation.

<u>*Office of Domestic Finance (DF)*</u>
This office supports the following strategic objectives for Strategic Goal 1, to Promote Equitable Economic Growth and Recovery:

- Objective 1.1: Tax Administration and Policy. Enhance tax compliance and service; improve tax policy design.
- Objective 1.3: Economically Resilient Communities. Promote equitable financial recovery and growth through support and flow of capital to small businesses, households, and underserved communities
- Objective 1.4: Resilient Housing Market. Promote a stable and resilient housing market that expands fair and equitable access to homeownership and affordable rental opportunities and protects taxpayers.

This office supports the following strategic objectives for Strategic Goal 2, to Enhance National Security:

- Objective 2.1: Cyber Resiliency of Financial Systems and Institutions. Harden assets and systems of Treasury and the broader financial system to promote financial system resiliency.

This office supports the following strategic objectives for Strategic Goal 3, to Protect Financial Stability and Resiliency:

- Objective 3.1: Financial System Vulnerabilities. Identify and address current and emerging vulnerabilities to the stability of the U.S. and global financial systems to support more sustainable and equitable growth.
- Objective 3.2: Resilient Treasury and Municipal Securities Markets. Improve the resilience of critical government securities markets to minimize borrowing costs over time and to support the critical roles that these safe assets play in the global financial system.
- Objective 3.3: Financial Innovation. Encourage responsible financial sector innovation.

This office supports the following strategic objectives for Strategic Goal 4, to Combat Climate Change:

- Objective 4.1: Global Climate Commitment and Leadership. Use U.S leadership and commitment to significantly enhance global action and mobilize and align financial flows to combat climate change and enhance resilience within the new climate environment.
- Objective 4.2: Climate Incentives and Investment. Create and promote incentives and policies for the private sector to invest in climate-friendly and resilient projects and activities.
- Objective 4.3: Climate-related Financial Risks. Identify and mitigate key sources of climate-related financial risks to macroeconomy, financial system, investors, governments including federal and subnational exposures, and households, understanding that risks may have disparate impacts on disadvantaged communities.

This office supports the following strategic objectives for Strategic Goal 5, to Modernize Treasury Operations:

- Objective 5.1: Recruit and Retain a Diverse and Inclusive Workforce. Recruit and retain a diverse workforce that represents communities that Treasury serves.

- Objective 5.2: Future Work Routines. Transform the Department's work routines to support changing mission and workforce needs.
- Objective 5.3: Better Use of Data. Increase timely access to and use of quality data and other types of evidence to inform decision-making.
- Objective 5.4: Customer Experience Practices. Mature and embed strong customer experience practices across the Department, establishing Treasury's reputation for consistently positive experiences.

Financial Sector Cybersecurity and Critical Infrastructure Protection
The Office of Cybersecurity and Critical Infrastructure Protection (OCCIP) executes Treasury's role as sector risk management agency (SRMA) for the financial services sector, one of sixteen critical infrastructure sectors designated by the Department of Homeland Security. Treasury's authority as SRMA is derived from the Homeland Security Act of 2002 (Title XXII(A), Section 2215). In this role, OCCIP works with financial sector critical infrastructure operators, their regulators, the Cybersecurity and Infrastructure Security Agency, and other Federal, state, local, territorial and tribal entities as appropriate to identify, assess, and prioritize risks to operational resilience within the sector; assist operators in mitigating threats, vulnerabilities and risks to their systems and assets; serve as coordination point and day-to-day Federal/interagency interface to the sector; contribute to emergency preparedness, and support incident management and restoration efforts following a security incident; and facilitate the exchange of information and intelligence supporting these efforts. OCCIP executes this role in the All-Hazards environment, including cyber and physical threats, terrorism, and man-made or climate-related disasters.

To execute this role, OCCIP works closely with a wide variety of partners, including individual firms, federal financial regulators and associations of state financial regulators, industry trade associations, law enforcement, the intelligence community, homeland security officials, and other federal agencies as appropriate. Internationally, OCCIP has worked closely with the interagency to represent Treasury as part of international whole-of-government activities, including capacity building and deterrence.

Financial Data Access and Use
In FY 2021, at the agency level, the Treasury Office of the Inspector General concluded that Treasury's award data reported on USAspending.gov for the audited third quarter of FY 2020 was of "Excellent" quality, representing that Treasury's consolidated level data is accurate, complete, and timely. Treasury continued to make progress in government-wide implementation of the 2014 *Digital Accountability and Transparency Act* (DATA Act). The DATA Act requires the federal government to provide consistent, reliable, and useful online data about how it spends taxpayer dollars. DF will work with OMB and federal agencies to drive continued improvements in FY 2022.

Combating Climate Change
Treasury is advancing initiatives to increase climate ambition, promote measurement, monitoring, and mitigation around climate-related financial risks, encourage sustainable finance, and foster a strong, green recovery. In FY 2021, Treasury stood up a "climate hub" within the Department to coordinate Treasury's efforts. Secretary Yellen has already raised awareness domestically and re-engaged with international partners on key climate change issues. As part of this work, in FY 2022, Domestic Finance also established a climate

coordination group to begin to identify policy areas that may be impacted by climate transition and will continue to monitor the impact of climate change on policy priorities. Additionally, in FY 2022, the Office of Consumer Policy within Domestic Finance launched a landscaping analysis into household and community financial resiliency to climate change/transition. The results of this analysis will help identify areas or communities that are particularly financially vulnerable to the impacts of climate transition. Given the connection between climate change, equity and Tribal communities, the Office of Consumer Policy will also consider ways to gain input and engage with Tribes to ensure understanding of Tribal issues in recommendations and implementation.

Serving Historically Underrepresented and Underserved Groups
Treasury is endeavoring to better serve historically underrepresented and underserved groups through increased policy engagement and outreach to institutions including community-based organizations, civil rights organizations, community development financial institutions, and minority depository institutions. Further, Treasury is working to improve its ability to quantitatively study and monitor efforts to measure and advance equity. In FY 2022, a number of Domestic Finance offices contributed to this goal. Domestic Finance assisted with the deployment of more than $8.7 billion in investments through the Emergency Capital Investment Program (ECIP) to increase lending to small and minority-owned businesses, and low- and moderate-income consumers in underserved communities, including rural areas. DF's Office of Capital Access also supported the development of an underserved community planning requirement for the State Small Business Credit Initiative program. In FY 2023, the Office of Capital Access will monitor the implementation of these initiatives and continue to identify ways to serve historically underrepresented and underserved groups.

Transition from USD LIBOR
During FY 2021, Domestic Finance continued its work monitoring the transition from USD London Interbank Offered Rate (LIBOR). LIBOR's widespread use in the financial system but short remaining lifespan underscores the importance of a timely and effective transition due to potential impacts on financial stability.

Housing Finance Reform
During FY 2021, Treasury continued to monitor its investments in GSEs. Treasury has had a significant financial interest in the U.S. housing finance system since 2008, when the GSEs were placed into conservatorship and subsequently entered into Senior Preferred Stock Purchase Agreements (PSPAs) with Treasury. Twelve years later, the GSEs remain in conservatorship. As the counterparty to the PSPAs, Treasury has a key role in shaping, and a key interest in the outcome of, housing finance reform. Treasury's focus has been to formulate housing finance policy that promotes financial stability, protects consumers and taxpayers, and provides stability and affordability to households. This work is expected to continue across the Administration and with Congress in support of these goals.

Debt Management
Another important DF responsibility is managing the U.S. government's debt through the Office of Fiscal Projections (OFP) and the Office of Debt Management (ODM). OFP forecasts the government's cash and debt activity, while ODM seeks to finance the federal government at the least cost to the taxpayer over time. This is accomplished by working to maintain predictable

issuance of Treasury debt, minimizing the amount of interest the government must pay, and managing debt maturity over time. In FY 2021, Treasury continued to finance the government's fiscal response to COVID-19 that began in March of 2020. This was managed amid constraints imposed by the expiration of the statutory debt limit, which adversely impacted Treasury's debt service costs in FY 2021 and increased operational risk to the Federal government's finances by forcing Treasury to reduce the government's cash balance to "less than" prudent levels. ODM financed another sizable increase in borrowing during FY 2021, overseeing $20.2 trillion in gross security issuance and $1.4 trillion in net issuance. While the unprecedented annual borrowing needs faced by the Federal government in FY 2020 and FY 2021 appear to be ebbing over the near-to-intermediate term, borrowing needs are likely to remain uncertain and elevated over the longer term.

Office of Tax Policy (OTP)
This office supports the following strategic objectives for Strategic Goal 1, to Promote Equitable Economic Growth and Recovery:

- Objective 1.1: Tax Administration and Policy. Enhance tax compliance and service; improve tax policy design.
- Objective 1.2: Global Economic Leadership. Generate sustainable and inclusive global economic growth.
- Objective 1.4: Resilient Housing Market. Promote a stable and resilient housing market that expands fair and equitable access to homeownership and affordable rental opportunities and protects taxpayers.

This office supports the following strategic objectives for Strategic Goal 4, to Combat Climate Change:

- Objective 4.1: Global Climate Commitment and Leadership. Use U.S leadership and commitment to significantly enhance global action and mobilize and align financial flows to combat climate change and enhance resilience within the new climate environment.
- Objective 4.2: Climate Incentives and Investment. Create and promote incentives and policies for the private sector to invest in climate-friendly and resilient projects and activities.

This office supports the following strategic objectives for Strategic Goal 5, to Modernize Treasury Operations:

- Objective 5.1: Recruit and Retain a Diverse and Inclusive Workforce. Recruit and retain a diverse workforce that represents communities that Treasury serves.
- Objective 5.2: Future Work Routines. Transform the Department's work routines to support changing mission and workforce needs.
- Objective 5.3: Better Use of Data. Increase timely access to and use of quality data and other types of evidence to inform decision-making.
- Objective 5.4: Customer Experience Practices. Mature and embed strong customer experience practices across the Department, establishing Treasury's reputation for consistently positive experiences.

Tax Policy
In FY 2021, the Office of Tax Policy's (OTP) work was critical to the Administration's legislative efforts. In addition to the technical assistance on recovery efforts such as the

American Rescue Plan (ARP), OTP staff worked on implementing complex, unprecedented programs such as the third round of Economic Impact Payments (EIPs), monthly Advance Child Tax Credit payments (CTC), and the expansion of benefits to many taxpayers. Further, OTP led successful multilateral tax negotiations leading to an agreement on global minimum taxes and legislative proposals to change the global intangible low-taxed income (GILTI) rules.

OTP continues to provide leadership for the Organization for Economic Co-operation and Development (OECD), the Inclusive Framework, the Global Forum, and the G20, advocating for the interests of the United States. During FY 2021, OTP played a leading role in achieving agreement on global minimum tax, which will stabilize the eroding international tax system, level the playing field for American business, and end the race to the bottom on corporate tax rates that has disadvantaged workers and families.

During FY 2021, OTP also worked with the Internal Revenue Service (IRS) to implement economic relief as a result of the ARP including working with the IRS to deliver 175 million third round EIP totaling over $400 billion starting the day after passage of the authorizing legislation. In addition, OTP worked with the IRS to disburse $93 billion of monthly CTC payments benefiting over 60 million children. Unlike prior pandemic payments, these advances were sent monthly between July and December despite there being less than 5 months to set up the payment system.

OTP worked with the IRS to identify non-filers who may be eligible to receive EIPs and monthly CTCs. OTP sent over 6 million outreach letters to those who appeared to be eligible for either the EIP or the CTC in order to encourage wider participation.

2.1.4 – Treasury-wide Management and Programs Resources and Measures

Dollars in Thousands

Resource Level	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Annualized CR	FY 2023 Request
Appropriated Resources	$43,365	$40,716	$39,171	$38,279	$39,779	$40,249	$46,770
Reimbursable Resources	$4,284	$2,398	$226	$127	$98	$134	$134
Budget Activity Total	**$47,649**	**$43,114**	**$39,397**	**$38,406**	**$39,877**	**$40,383**	**$46,904**
Full-time Equivalents (FTE)	**153**	**147**	**100**	**92**	**99**	**109**	**118**

Performance Measure	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2021 Target	FY 2022 Target	FY 2023 Target
Percent of Procurement Dollars Spend on Small Business	35%	43%	40%	46%	39%	36%	39%	39%
Treasury-wide Employee Engagement Index of the Federal Employee Viewpoint Survey (FEVS)	68	68	69	75	74	75	77	75
Treasury-wide Footprint (Square Footage in thousands)	34,100	33,766	33,209	32,517	32,006	32,341	31,948	31,734
Treasury-wide Leaders Lead Index of the Federal Employee Viewpoint Survey (FEVS)	56	56	58	65	66	65	67	66

Key: DISC - Discontinued; B - Baseline

Treasury-Wide Management and Program Description of Performance:

- Percentage of Procurement Dollars Spent on Small Business: Based on preliminary data in FY 2021, Treasury met and exceeded four out of five small business prime contracting goals. Treasury did not meet its Historically Under-utilized Zone (HUBZone) small business goal. Treasury did not meet any small business subcontracting goals. All Treasury bureaus were included in the goaling report, with no exclusions. The FY 2021 overall small business goal was set for 36 percent, and Treasury exceeded the goal at 39 percent. The FY 2023 small business goal is set at 39 percent. One overarching challenge in FY 2021 to meet the HUBZone small business goal was that Treasury had competing priorities: 1) OMB's directive to utilize Category Management principles and Best-in-Class (BIC) contracts to leverage existing government-wide contracting vehicles, where there is a lack of sufficient HUBZone small business firms available for use, and 2) the COVID-19 pandemic contracting response, where there are not enough HUBZone small businesses with capabilities that meet the COVID-19 requirements. Particularly noteworthy is that Treasury far exceeded the small business contracting goals for the following socioeconomic groups:
  - Small Disadvantaged Business – goal 5.0 percent, achieved 7.7 percent;
  - Women Owned Small Business – goal 5.0 percent, achieved 6.7 percent; and
  - Service Disabled Veteran Owned Small Business – goal 3.0 percent, achieved 3.8 percent.

    Treasury did not meet the small business contracting goal for the following socioeconomic group:
  - Historically Under-utilized Zone (HUBZone) Small Business – goal 3.0 percent, achieved 2.2 percent.
- Treasury-wide "Employee Engagement" Index of Federal Employee Viewpoint Survey (FEVS): Treasury's strategy remained focused on improving employee engagement by investing resources in statistically high impact areas to create an opportunity to improve the effectiveness of our workforce while improving our ranking among other federal agencies. Treasury's scores for the Engagement Index decreased from 75 percent to 74 percent in FY 2021. Treasury's engagement score still increased its lead over the average score for very large agencies from three to four percent. The engagement index target is 77 percent for FY 2022, and acknowledging challenges likely to result from staff re-entry into office spaces, DO's FY 2023 target is reduced by 2 percent to 75 percent.
- Treasury-wide Footprint (Square Footage): This goal measures the total square footage occupied by Treasury's owned and leased buildings. To reduce the Department's real property footprint and maximize the use of existing real property assets, the Department maximized space utilization by undertaking space realignments, consolidations, and improved work station standards. In FY 2021, Treasury decreased its footprint to 32,006 thousand square feet—down from 32,517 thousand square feet in FY 2020. In FY 2023, the Department will expand its review of new work patterns and trends that could impact the need for real property. The Department will continue targeting metropolitan areas with multiple posts of duty sites to pursue consolidation opportunities or space reductions where it makes business and financial sense. The FY 2023 target for the total square footage that Treasury occupies is 31,734 thousand square feet.
- Treasury-wide "Leaders Lead" Index of Federal Employee Viewpoint Survey (FEVS): As part of its overall effort to increase Employee Engagement, Treasury had set a multi-year goal to increase the "Leaders Lead" index. This involved statistically analyzing FEVS data to identify opportunities for improvement. Treasury's score for the Leaders Lead Index

increased from 65 percent in FY 2020 to 66 percent in FY 2021 exceeding the OPM established 65 percent benchmark for organizational strength. Treasury's score in FY 2021 exceeded the average score for very large agencies by seven percent. Targets are 67 percent for FY 2022 and 66 percent for FY 2023, which is an acknowledgement of potential challenges related to office re-entry for DO staff.

Treasury-wide Management and Programs Budget and Performance
($46,770,000 from direct appropriations, $134,000 from reimbursable sources):
This office supports the following strategic objectives for Strategic Goal 1, to Promote Equitable Economic Growth and Recovery:
- Objective 1.3: Economically Resilient Communities. Promote equitable financial recovery and growth through support and flow of capital to small businesses, households, and underserved communities

This office supports the following strategic objectives for Strategic Goal 2, to Enhance National Security:
- Objective 2.1: Cyber Resiliency of Financial Systems and Institutions. Harden assets and systems of Treasury and the broader financial system to promote financial system resiliency.

This office supports the following strategic objectives for Strategic Goal 4, to Combat Climate Change:
- Objective 4.3: Climate-related Financial Risks. Identify and mitigate key sources of climate-related financial risks to macroeconomy, financial system, investors, governments including federal and subnational exposures, and households, understanding that risks may have disparate impacts on disadvantaged communities.
- Objective 4.4: Sustainable Treasury Operations. Improve Treasury's overall environmental and energy sustainability and invest in Bureaus' adaptation and resiliency efforts to address climate change impacts on operations and services.

This office supports the following strategic objectives for Strategic Goal 5, to Modernize Treasury Operations:
- Objective 5.1: Recruit and Retain a Diverse and Inclusive Workforce. Recruit and retain a diverse workforce that represents communities that Treasury serves.
- Objective 5.2: Future Work Routines. Transform the Department's work routines to support changing mission and workforce needs.
- Objective 5.3: Better Use of Data. Increase timely access to and use of quality data and other types of evidence to inform decision-making.
- Objective 5.4: Customer Experience Practices. Mature and embed strong customer experience practices across the Department, establishing Treasury's reputation for consistently positive experiences.

This budget activity includes offices that are responsible for the internal management and policy of the Department: the Office of the Assistant Secretary for Management; the Office of the Chief Information Officer; the Office of Privacy, Transparency, and Records; the Office of the Senior Procurement Executive; the Office of the Chief Human Capital Officer; the Office of Treasury Operations; the Office of the Deputy Chief Financial Officer; the Office of Civil Rights and Diversity; the Office of Minority and Women Inclusion; the Office of Strategic Planning and Performance Improvement; the Office of Risk Management; the Office of the Chief Data Officer; and the Office of the Deputy Assistant Secretary for Management and Budget.

Office of the Chief Human Capital Officer
Treasury continued its efforts to strengthen core competencies across its workforce in FY 2021. Using the ITM learning module, Treasury launched a Customer Experience curriculum to all Treasury employees in FY 2021, followed by a Change and Information Management Curriculum launched in early FY 2022. Treasury launched a Project-Program Management Assessment in FY 2021 to comply with the *Program Management Improvement Accountability Act (PMIAA)* and to improve program outcomes by strengthening program/project management practices, and is also currently conducting a competency assessment of the IT Specialist occupational series that will continue throughout FY 2022. The results of this assessment will be used to identify risks in the IT workforce, provide targeted development to close skill gaps, and capture skills that may be useful in the future. Treasury also continued its support of the Close Skill Gaps initiative for IRS Contact Representatives. It is worth noting that Treasury lost key staff leading these efforts in early FY 2022 and this, combined with the fact that Treasury has no Chief Learning Officer/Office to lead and sustain a focus on employee development, puts the Department's work in this space at risk.

In FY 2021, Treasury examined the roles and responsibilities of the Office of the Chief Human Capital Officer, the Office of Civil Rights and Diversity, and the Office of Minority Women Inclusion related to recruiting and retaining a diverse and inclusive workforce to ensure these offices use resources in an efficient and coordinated manner to support Treasury's strategic objectives. While this work occurred, leadership from each office continued to identify and provide leadership and employee development opportunities related to foundational competencies that support diversity, equity, and inclusion in addition to identifying existing training related to core competencies that may be accessed by all Treasury employees.

Finally, Treasury conducted internal and external benchmarking of Agency recruitment resources and efforts in FY 2021 to determine the level of investment required to best support Treasury's goal of recruiting and retaining a diverse and inclusive workforce. The Department also conducted a study of federal HR shared service providers who perform recruitment and staffing functions, and is exploring the proper balance between improving the hiring process and implementing a new recruitment strategy. Once these solutions have been identified Treasury will begin exploring the possibility of forming Talent Teams, groups of dedicated employees focused on hiring outcomes and effective assessment strategies Treasury is exploring ways in which they can support more advanced efforts related to workforce and succession planning to instead cover foundational HR work such as recruitment, employee assessment, and performance management.

Office of Civil Rights and Diversity (OCRD)
In FY 2021, OCRD, along with the bureau EEO and HR communities, continued its efforts to implement priorities of the FY 2021-2024 Diversity and Inclusion (D&I) and Equal Employment Opportunity (EEO) Strategic Plan (Plan). The Plan focuses on a comprehensive set of six goals highlighting both D&I and EEO priorities and promotes the cross collaboration. Priorities were

focused specifically on leadership accountability, responsibility and transparency; communicating the importance of D&I and EEO; collaborating with Human Resources; facilitating inclusion and trust in daily interactions; increasing compliance with federal regulatory EEO Complaints and Departmental policies; providing educational opportunities to the workforce on creating an inclusive workplace; and increasing the use of information technology to improve the efficiency of EEO Programs. In FY 2022, amendments are expected for the Plan to expand on the Office of Personnel Management's revised government-wide strategic plan and guidance issued November 2021.

In FY 2021, Treasury OCRD continued with the audits of bureaus' EEO, D&I, and External Civil Rights Programs focusing its efforts on the Departmental Offices (DO) bureau level. The audit included a review of each phase of Treasury bureaus' EEO programs, including D&I, EEO complaint processes, and building accessibility reviews to ensure compliance with the applicable law and regulations. Among the topics reviewed is the set of Performance Standards established for Managers, Supervisors, and SES members to ensure performance commitments include mandatory EEO and D&I elements. OCRD summarizes program deficiencies, results of the evaluation, and a list of recommendations for improvement. OCRD will continue the bureau audits of EEO, D&I, and External Civil Rights Programs in FY 2022. These audits will critically look at bureaus' External Civil Rights, D&I and EEO programs to determine any areas where bureaus need a sharper focus and to find and recreate "best practices."

OCRD continued implementation of EO 13985, *Advancing Racial Equity and Support for Underserved Communities Through the Federal Government*, and EO 13988, *Preventing and Combating Discrimination on the Basis of Gender Identity or Sexual Orientation in FY 202*1. However, additional EOs were issued late FY 2021: EO 14035, *Advancing Diversity, Equity, Inclusion, and Accessibility in the Federal Workforce*, including those specifically related to recruitment and outreach to minorities. OCRD continues to spend considerable time assessing equity within Treasury and to ensure Treasury's policies and programs are accessible to people of color and members of underserved communities. These new requirements have expanded the responsibilities for the D&I and civil rights communities, which would include OCRD staff. As a result of these new workstreams, OCRD continues to be constrained in its ability to effectively implement the requirements of these EOs in a timely manner. OCRD's FY 2023 staffing request would help to alleviate many of these new staffing constraints.

As a result of COVID-19, OCRD's Complaint Operations Division transitioned to electronic processing of Treasury's formal EEO complaints in FY 2020. Having fully implemented electronic processing in FY 2021, the implementation has significantly improved the efficiency and timeliness requirements of OCRD's Complaint Operations Division and decreased administrative costs of this program. In FY 2021, EEO complaints were adjudicated effectively within the Department, thereby meeting regulatory timeframes both in issuance of decisions and days to investigate complaint.

OCRD also worked with the bureau EEO offices on Human Capital engagement to improve inclusion scores – this will also be a continuing focus in FY 2021 and FY 2022. While scores for "Fairness" continue to be a concern, efforts have been made to introduce "Unconscious Bias" training in the workforce and at all management levels to help make leaders aware of biases and to learn to put aside such biases when making employment decisions. In the 2020 and 2021 OPM's Federal Employee Viewpoint Surveys (FEVS), questions to assess employee perceptions of workplace inclusion were replaced with items to measure the impact of the COVID-19 pandemic. Therefore, Treasury has been unable to gauge perceptions of workplace inclusion for the past two years.

In FY 2021, OCRD continued to lead the work to achieve full compliance with the external civil rights requirements for the Department. The responsibility for this work continued to increase in FY 2021 and is anticipated to grow in FY 2022. The Department gained several new large financial assistance programs created in response to the COVID-19 pandemic. In FY 2021, OCRD completed an update of 31 C.F.R. Part 28, Treasury's regulation implementing Title IX of the Education Amendments Act, adding a new list of covered programs.

In addition to managing the Treasury-wide external civil rights program, OCRD continues to manage the civil rights compliance program for DO. In FY 2021, significant progress was made to improve compliance in the DO financial assistance programs and OCRD is conducting civil rights pre-award compliance determinations for SIPPRA and the Office of Gulf Coast Restoration. In FY 2021, OCRD provided training on pre-award requirements to recipients of Treasury's RESTORE Act grant programs. OCRD also conducted post-award compliance reviews of Office of Gulf Coast Restoration grant recipients. OCRD also continued to provide technical assistance to the CARES Act and ARP program staff to ensure civil rights compliance in the new financial assistance programs.

Office of the Deputy Chief Financial Officer
For FY 2021, the Department received its 22nd consecutive unmodified audit opinion on its Treasury-wide financial statements. Treasury anticipates unmodified audit opinions for the consolidated audits to be conducted for FYs 2022 and 2023. Overall, the Department has made strong progress in enhancing its internal control environment and remains committed to ensuring high standards of integrity and transparency in reporting its financial performance.

Office of Small and Disadvantaged Business Utilization (OSDBU)
Based on preliminary data for FY 2021, Treasury met and exceeded four out of five small business prime contracting goals. Treasury did not meet its Historically Under-utilized Zone (HUBZone) small business goal. Treasury did not meet any small business subcontracting goals in FY 2021. Treasury OSDBU identified several possible root causes for not meeting Treasury's prime and subcontracting goals in FY 2021 including the impact of COVID-related emergency acquisitions on traditional acquisition planning, limited enforcement of existing Treasury procurement policies related to HUBZone businesses, and additional training needs for Treasury's Contracting Officers related to subcontracting pre- and post-award requirements.

The Small Business Administration issues an annual scorecard grade to Treasury. Treasury is graded for meeting their prime and subcontracting goals, compliance with the Small Business Act Section 15 (k), and the number of new small businesses entering Treasury's contracting industrial base. The consistent "A" score is a testament to the hard work and professionalism of the procurement and acquisition teams across Treasury's bureaus and the serious commitment to utilizing small businesses that emanates from Treasury's leadership. To comply with Section 15 (k), Small Business Act, the Department continued to focus on small business prime and subcontracting goal achievements, monitored small business pre-award and post-award functions, and increased Treasury's small business industrial base through a robust outreach program.

In FY 2021, per FAR Part 19.201, OSDBU successfully executed Small Business Programs Compliance Reviews on six Bureaus which have procurement authority to make awards to small businesses. The results of the compliance reviews provided for a comprehensive small business acquisition transformation strategy that included acquisition workforce teaching and training across the Department. Overall, the Department made progress in enhancing its small business programs and remains committed to ensuring high standards of small business program compliance. Treasury was assessed as "moderately favorable" for its small business programs in FY 2021. Central to the compliance review strategy is early acquisition planning and broad stakeholder participation. In FY 2021, Treasury OSDBU reviewed 380 acquisition actions valued at over $250,000 that were not set-aside for small business and rejected 20 of these actions due to inadequate market research. After the rejections, small business opportunities were found for all 20 actions. Of the 380 actions, 17 required subcontracting plan review (over $750,000) and monitoring of the subcontracting goals addressed in the plan. Together with the Small Business Administration Procurement Center Representative, OSDBU approved the subcontracting plans and these became part of the resultant contract.

In FY 2022, OSDBU will require Bureaus to conduct self-assessments on their small business compliance. OSDBU will validate the self-assessment before end of the fiscal year and identify any Corrective Action Plans (CAP). The CAPs will identify areas for process improvements to their small business program. The annual small business program health summary will be submitted to the Deputy Secretary by November 2022. Also, in FY 2022, Treasury OSDBU and Office of the Procurement Executive (OPE) will provide additional small business subcontracting training to Treasury's acquisition workforce to enforce subcontracting pre-award and post-award contract responsibilities.

In response to Executive Order 13985, Treasury OSDBU and OPE instituted a "Procurement Equity Council" to ensure Treasury increases small and disadvantaged business participation, reduces barriers for new small businesses to enter into Treasury contracts, improves Treasury's supplier diversity in procurement, and tracks the agency's progress towards achieving measurable outcomes.

Office of the Senior Procurement Executive (OPE)
In FY 2021, the Office of the Procurement Executive oversaw a significant increase in Department-wide obligations from $6.5B to $9.5B, closely collaborating with Bureaus to ensure timely execution. Treasury continued a comprehensive acquisition transformation strategy designed to facilitate innovation, strategic management, efficiency, and effective mission outcomes. The Office of the Procurement Executive established the Acquisition Innovation Advocate Roundtable to facilitate enterprise-wide adoption of innovative acquisition approaches and emerging technology. In FYs 2022 and 2023, OPE will collaborate with the Treasury Chief Data Officer to explore data solutions designed to improve acquisition planning and enhance decision-making. OPE continues to work towards revamping the major acquisition review

program to ensure successful award and performance of major acquisitions supporting mission critical functions.

In FY 2021, OPE successfully identified contractual efficiencies in support of the execution of new mission critical programs established by the American Rescue Plan (ARP). OPE focused on implementation and execution of Executive Orders 13985, Advancing Racial Equity and Support for Underserved Communities Through Federal Government; 14005, Ensuring the Future is Made in All of America by All of America's Workers; 14008, Tackling the Climate Crisis at Home and Abroad; 14028, Improving the Nation's Cybersecurity; 14030, Climate-Related Financial Risk; and 14042, Ensuring Adequate COVID Safety Protocols for Federal Contractors (implementation and execution efforts will continue in FY 2022).

In FY 2021, Treasury continued its trend towards creating savings and efficiencies through aggregating requirements and leveraging its purchasing power by utilizing existing contract vehicles. Treasury achieved both Spend Under Management (SUM) and Best-in-Class performance goals in FY 2021. To align with the Administration's priority on procurement equity and OMB Memorandum M-22-03, Treasury modified its Category Management policy to proactively balance efficient buying with promoting contracting opportunities for small, disadvantaged businesses and other socio-economic small businesses. In FY 2022, OPE will focus on creating more robust market research tools to identify capable new entrants for Treasury requirements.

Office of the Chief Data Officer (OCDO)
In FY 2021, the OCDO served as the Objective Lead for Better Use of Data by authoring five cross cutting strategies in Treasury's FY22-26 Strategic Plan. Treasury completed requirements for the first department-wide procurement of a data catalog solution, which, once implemented, will allow better management of Treasury's metadata and help enable the chief data officer to serve as the department's data lifecycle manager. Additionally, Treasury developed OCDO's organizational mission, vision, strategy, and priorities for implementation of the Evidence Act and accomplishment of Department wide data priorities. Moreover, Treasury submitted its first CDO report to Congress in FY 2021.

In FY 2022, OCDO identified a permanent Chief Data Officer and Deputy Chief Data Officer and is on track to deliver the department's first OPEN Data Plan and Data Strategy.

Treasury is also an active participant in the Federal CDO Council. Treasury's CDO is especially active in both the data inventory working groups and the data skills working group and provides ancillary support to the CDO Council's Executive Committee by reviewing documentation and offering focused support to Requests for Information and other support priorities. Other members of Treasury's data community from bureaus and departmental offices participate in several Council Working Groups. Active participation in the Council enables the OCDO to understand and bring back to Treasury leading government practices in enhancing data management, use, sharing, as well as the development of a general data culture. More details on OCDO's accomplishments are included in the Treasury CDO's Annual Report to Congress.

2.1.5 – Committee on Foreign Investment in the United States Resources and Measures

Dollars in Thousands

Resource Level	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Annualized CR	FY 2023 Request
Appropriated Resources	$3,736	$6,000	$15,000	$22,341	$22,661	$22,494	$25,611
CFIUS Fund Transfers	0	0	0	$15,000	$15,000	$15,000	$15,000
Reimbursable Resources	0	0	0	0	$64	$105	$105
Budget Activity Total	**$3,736**	**$6,000**	**$15,000**	**$37,341**	**$37,725**	**$37,599**	**$40,716**
Full-time Equivalents (FTE)	**23**	**26**	**32**	**55**	**81**	**111**	**133**

Note: FTEs in the above include 1 FTE funded through reimbursable resources.

Performance Measure	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2021 Target	FY 2022 Target	FY 2023 Target
Timely Review of CFIUS Cases	100%	100%	100%	100%	100%	100%	100%	100%

Key: DISC - Discontinued; B - Baseline

Committee on Foreign Investment in the United States Description of Performance:
Timely Review of CFIUS Cases: This measure tracks compliance with statutory deadlines for completing national security reviews of transactions notified to the CFIUS to ensure that the CFIUS process is timely and efficient. The target (100 percent) was met in CY 2021. IA's target for this measure in CY 2022 and CY 2023 is 100 percent.

Committee on Foreign Investment in the United States Budget and Performance
($25,611,000 from direct appropriations, $15,000,000 from fund transfers, $105,000 from reimbursable resources):

This office supports the following strategic objectives for Strategic Goal 2, to Enhance National Security:

- Objective 2.1: Cyber Resiliency of Financial Systems and Institutions. Harden assets and systems of Treasury and the broader financial system to promote financial system resiliency.
- Objective 2.2: Economic Measures to Advance National Security. Enhance and protect national security through the application of targeted financial measures and review of certain foreign investments.

This office supports the following strategic objectives for Strategic Goal 4, to Combat Climate Change:

- Objective 4.4: Sustainable Treasury Operations. Improve Treasury's overall environmental and energy sustainability and invest in Bureaus' adaptation and resiliency efforts to address climate change impacts on operations and services.

This office supports the following strategic objectives for Strategic Goal 5, to Modernize Treasury Operations:

- Objective 5.1: Recruit and Retain a Diverse and Inclusive Workforce. Recruit and retain a diverse workforce that represents communities that Treasury serves.
- Objective 5.2: Future Work Routines. Transform the Department's work routines to support changing mission and workforce needs.
- Objective 5.3: Better Use of Data. Increase timely access to and use of quality data and other types of evidence to inform decision-making.
- Objective 5.4: Customer Experience Practices. Mature and embed strong customer experience practices across the Department, establishing Treasury's reputation for consistently positive experiences.

In FY 2021, Treasury CFIUS continued its growth to support requirements laid out in the Foreign Investment Risk Review Modernization Act of 2018 (FIRRMA). This includes continued investment in infrastructure necessary to support an increase in CFIUS's responsibilities, as well as additional staff to manage the workload growth. FY 2021 was the first full year that the CFIUS Fund was entirely fee funded. Additional information on CFIUS can be found in the CFIUS Congressional Justification.

C – Changes in Performance Measures

Departmental Offices Salaries and Expenses has no changes to performance measures in FY 2023.

Section III – Additional Information

A – Summary of Capital Investments

A summary of capital investments, including major information technology and non-technology investments, can be viewed and downloaded at: https://www.treasury.gov/about/budget-performance/Pages/summary-of-capital-investments.aspx.

Department of the Treasury Cybersecurity Enhancement Account

Congressional Budget Justification and Annual Performance Report and Plan

FY 2023

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Section I – Budget Request

A – Mission Statement
Bolster the Department's cybersecurity posture.

B – Summary of the Request
To support the Department's proactive and strategic approach to protecting and hardening the Treasury's Information Technology (IT) infrastructure against cyber criminals and nation state actors, the FY 2023 budget request includes $215 million for the Cybersecurity Enhancement Account (CEA) to protect and defend sensitive agency systems and information and strengthen the role of the Treasury Chief Information Officer (CIO) in identifying, responding, and protecting against cyber threats. The request supports Treasury's enterprise-wide investments, as well as $12 million for bureau specific investments that will extend and reinforce the security protections sought by CIO.

Treasury's mission in geopolitical, economic, foreign policy, and national security matters for the United States government, means its infrastructure and data are prime targets for cyber criminals and nation state actors. Protecting Treasury's leadership role in this mission requires commensurate infrastructure investment. Treasury's pivotal role in sanctions increases this risk.

The FY 2023 Budget request provides critical cybersecurity resources to support Treasury's efforts to comply with the Executive Order 14028 (EO), *Improving the Nation's Cybersecurity* as well as Office of Management and Budget (OMB) Memorandums, specifically M-21-31 *Improving the Federal Government's Investigative and Remediation Capabilities* (security logging) *and* M-22-09 *Moving the U.S. Government Toward Zero Trust Cybersecurity Principles.* CEA's funding request also supports compliance efforts associated with Department of Homeland Security (DHS) Cybersecurity and Infrastructure Security Agency (CISA) guidance that sets new cybersecurity standards and objectives. These new directives also prioritize cloud-based security, security operations center (SOC) enhancements, universal encryption, and multi-factor authentication (MFA).

The CEA is positioned as a centralized account to support enterprise-wide cyber services and to further enhance cyber capabilities, providing a platform to enhance efficiency, communication, transparency, and accountability around the Treasury's mission. The FY 2023 request elevates the importance of such initiatives and provides Treasury leadership, OMB, and Congress with a more holistic vantage point of cybersecurity activities across the Department. With the increase in cyber requirements and cascading deadlines, the Department is centralizing cybersecurity initiative leadership and oversight to gain operational efficiencies, ensure transparency and achieve enterprise-wide compliance for IT infrastructure. The enterprise-wide investment approach benefits the bureaus in their cybersecurity goals to create unified approach to cyber spending and stronger protections across the Department.

The investments within the CEA continue to align with the National Institute of Standards and Technology (NIST) Cybersecurity core framework and reporting standards. This includes common cybersecurity activities and outcomes that are gaining use industry-wide: Identify, Protect, Detect, Respond, and Recover.

1.1 – Appropriations Detail Table

Dollars in Thousands

Appropriated Resources	FY 2021 Operating Plan		FY 2022 Annualized CR		FY 2023 Request		FY 2022 to FY 2023 % Change	
New Appropriated Resources	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**
Cybersecurity Enhancement Account	4	18,000	10	18,000	21	215,000	110.0%	1094.4%
Subtotal New Appropriated Resources	**4**	**$18,000**	**10**	**$18,000**	**21**	**$215,000**	**110.0%**	**1094.4%**
Other Resources								
Recoveries from Prior Years	0	1,500	0	2,000	0	2,000	NA	0.0%
Unobligated Balances from Prior Years	0	26,463	0	17,923	0	17,403	NA	-2.9%
Subtotal Other Resources	**0**	**$27,963**	**0**	**$19,923**	**0**	**$19,403**	**NA**	**-2.6%**
Total Budgetary Resources	**4**	**$45,963**	**10**	**$37,923**	**21**	**$234,403**	**110.0%**	**518.1%**

*FTE = Full-time Equivalent employment

1.2 – Budget Adjustments Table

	FTE	Amount
FY 2022 Annualized CR	**10**	**$18,000**
Changes to Base:		
Non-Recurring Costs	(10)	(18,000)
Subtotal Changes to Base	(10)	(18,000)
FY 2023 Current Services	**0**	**$0**
Program Changes:		
Program Increases:	21	215,000
Zero Trust Architecture Implementation	9	86,452
Security Logging Requirements	0	23,329
Cloud Enterprise Investment[1]	0	22,500
Universal Encryption	0	16,467
Multi-Factor Authentication	0	10,978
Other Cybersecurity Priorities	9	43,050
Bureau Specific Investments		
Cloud Adoption - Bureau of the Fiscal Service (Fiscal Service)	0	9,674
FISMA Assessment Readiness Team - Departmental Offices Salaries and Expenses (DO SE)	3	1,850
Logging Requirements - Treasury Inspector General for Tax Administration (TIGTA)	0	700
Subtotal Program Changes	**21**	**$215,000**
FY 2023 President's Budget Request	**21**	**$215,000**

[1]The $22.5 million program increase for the Cloud Enterprise Investment includes enhancing and upgrading cloud security capabilities across the Department, including related IRS cyber activities.

C – Budget Increases and Decreases Description

Non-Recurring Costs ……...…………………………………...…. -$18,000,000 / -10 FTE

This amount represents non-recurring initial investments.

Program Increases …………………………………………………+$215,000,000 / +21 FTE

Zero Trust Architecture Implementation +$86,452,000 / +9 FTE

This investment supports work towards a compliant zero trust maturity model. This large-scale investment approach requires Treasury to enhance visibility and threat detection at the application level to improve its ability to support continuous threat analysis, detection, and response, and enable the analysis of encrypted traffic. Reinforcing implementation of continuous identity verification and access policies, aligned with Zero Trust, will improve the Department's resistance to fraudulent tampering of privileged accounts.

Zero Trust Architecture (ZTA) is an IT security approach to minimize implicit trust and reinvigorate least privilege. The ZTA approach is a paradigm shift from verifying once at the perimeter to continual verification of each user, device, application, and transaction. This approach will do the following:

- Enable a new default security posture using the practice of "never trust, always verify" across the entire technology stack.
- Alter the approach for access enforcement, leveraging granular policies to assess the user identity, user device, and the categorization of the data before making an access decision.
- Shift from defending the "macro attack surface" to the "micro protect surface."

Implementation of Zero Trust will initially be driven by focusing on the near-term actions required by OMB M-22-09, such as changes to password policies, building a new data categorization model, and making one "internal" systems accessible over the Internet. Treasury will proceed with the transition to ZTA by planning projects on a pillar-by-pillar basis (Identity, Device, Network, Application, Data, as well as Monitoring/Visibility, Automation, and Governance). Priority projects will be based on the risk reduction that will result, as well as the anticipated gain in Zero Trust Maturity they will provide weighed against the cost. Implementation of ZTA will require personnel resources with skillsets for managing the service providers to develop, test, and deploy the applications that have integrated security controls.

<u>Security Logging Requirements +$23,329,000 / +0 FTE</u>
Supports Treasury's compliance efforts related to the security logging requirements outlined in OMB Memorandum M-21-31. This guidance requires all logs of security information captured, to be accessible and visible for the highest-level security operations center (SOC) at the Department. This will require expansion of the Treasury Shared Services Secure Operations Center (TSSSOC) enterprise logging solution to be able to receive, store, analyze and process security event and system logs from all Treasury offices and bureaus as well as the 39 Treasury Shared Services. This will allow Treasury to:

- Create and monitor traps for detecting data-stream disruption
- Implement a facility to share the logs with CISA, FBI and other authorities required
- Provide storage and retention for log data consistent with M-21-31 requirements
- Analyze logs in real time to detect attacks and other activities of interest
- Develop automated hunt and incident response playbooks that take advantage of Security, Orchestration, Automation, and Response (SOAR) capabilities
- Create and implement a user behavioral analytics capability to allow for early detection of malicious behavior on all user and non-user accounts. This requires machine learning and artificial intelligence techniques to detect anomalous user actions and help combat advanced threats

The FY 2023 budget request for Security Logging Requirements will be used in the following ways:

- Support appropriate acquisition of subject matter expertise for the development of an enterprise, centralized logging solution that leverages a single architecture and allows for segmentation of Bureau data, and presents efficiencies in collecting and distributing necessary information to external partners (e.g., CISA, FBI, etc.)
- Stand-up the initial capabilities (resource support, development, migration, etc.) within the Treasury enterprise cloud program, Workplace Community Cloud (WC2)
- Support initial storage requirements to centralize enterprise shared service program logs, with targeted expansion of architecture and migration of Bureaus logs to the centralized cloud-based storage solution
- Expansion of enterprise license capacity to support centralized log management and the on-ramping of Bureaus from legacy licensing and log storage environments

There are many factors that will impact on the costs associated with implementation of the security logging requirements. These factors include but are not limited to legacy licensing; contract structures; resources for O&M; and holistic storage requirements. The complexity of a federated bureau environment also proposes a unique challenge to ensure compliance.

<u>Cloud Enterprise Investment +$22,500,000 / +0 FTE</u>
This investment is for cloud enterprise cyber security enhancements and upgraded capabilities to meet ever growing security and compliance risks. The Treasury enterprise cloud program enhances security controls, monitors capabilities, and increases threat protections by providing a common cloud operating platform for Departmental workloads inclusive of all the of the security elements driven by EO 14028 and subsidiary guidance. This will allow the bureaus to integrate into Treasury's holistic security umbrella with a single pane of glass view for operational security elements such as the TSSOC.

Treasury continues to improve, entice, and further accelerate enterprise-wide cloud adoption through investment in cloud environments. The FY 2023 budget request will support improvements in the following areas:

- Identity Pillars - Includes migrations of cloud users to Azure Active Directory (AD) and implementation of Azure Defender for endpoints and users. Azure AD will enable the enterprise shared service cloud program to centralize and streamline governance and management of WC2 privileged accounts, and includes advanced threat protections such as automated detection, remediation and reporting of unusual activity using latest threat detection and analytics.
- Network and Environment Segregation - Includes an architecture ZTA maturity assessment and implementation plan for both Treasury shared services cloud environments against NIST Zero Trust reference Architectures. Implementation will focus on security control enhancements to achieve the near-term ZTA vision and alignment to NIST container-based control security requirements.
- Cloud Monitoring Tenant - Includes increased cloud telemetry, implementation for Trusted Internet Connection (TIC) 3.0 requirements, and consolidation of logging environments to reduce ongoing O&M costs and adopt the latest advances in log analysis. Additional security

operations and threat hunting support will operationalize the data creating security dashboards to show potential security issues which require investigation.

Universal Encryption +$16,467,000 / +0 FTE
Supports Treasury's commitment to fully comply with the encryption protocols outlined in EO 14028 and subsidiary supporting material from OMB, CISA, NIST and other cybersecurity oversight entities. Encryptions allows information and data to be converted into code to prevent unauthorized access. This funding level is necessary to develop a more aggressive approach to these cyber protections which contributes to the adoption of ZTA.

To further protections of the internet and email traffic across its networks, Treasury uses encryption protocols to prevent adversaries from being able to intercept and capture traffic as it flows between endpoints. EO 14028 and M-22-09 prescribe a heightened level of encryption for Domain Name System (DNS) and Hypertext Transfer Protocol (HTTP) traffic that all agencies should use to increase the security of information transfer, particularly across public networks such as the Internet. It is anticipated that no changes will be made to the DNS infrastructure to enable encryption, and that the work will focus on transitioning applications to use HTTPS for secure communication with users. Treasury is also implementing Data at Rest (DAR) and Date in Transit (DIT) encryption across its entire IT portfolio.

Multi-Factor Authentication +$10,978,000 / +0 FTE
This investment is for Multi-Factor Authentication (MFA), which is a critical part of the Federal Government's security baseline and integral component of Treasury's solutions to prevent unauthorized access by adversaries including nation state actors. MFA is a layered approach to securing access to a network or application by verifying identity with a combination of two or more approved pieces of strong evidence (or factors) to an authentication mechanism. Typical MFA factors include knowledge (something only the user knows such as a PIN), possession (something only the user has such as a smart card), and inherence (form of biometric specific only to the user like a fingerprint).

EO 14028 directed agencies to remove passwords and fully adopt MFA to the maximum extent by November 2021. While Treasury has made substantial progress with an increase in *MFA compliance posture by 16% for internal systems and applications (moving from 58% to 74%);* there is significant work to be done including compliance with subsequent memos impacting MFA like M-22-09, which places significant emphasis on MFA. The FY 2023 funding levels support Treasury's work to protect data at rest and in transit, which may include personal identification of financial assets; collaborate with industry partners, and to also align with the FISMA requirements driven by CISA.

Other Cybersecurity Priorities +$43,050,000 / +9 FTE
In FY 2023, Treasury will continue to make progress on ongoing critical cybersecurity investments that are in various Development, Modernization and Enhancement (DME) and initial Operation and Maintenance (O&M) phases. Continued funding of these critical investments is necessary to sustain progress made on some investments and launch new projects not previously identified. Responding to the changing threat landscape in an interconnected environment has amplified the need for identifying and assessing the security posture of high value assets as well as vendors within our supply chain. Additionally, based on the complex

nature of cybersecurity, ongoing maturation of these programs is necessary to enable much needed visibility into the myriad of threats, vulnerabilities, and cybersecurity risks facing Treasury. Priority investments include but are not limited to:

- Supply Chain Risk Management Enhancements (SCRM)
- Enterprise Cyber Risk Management (ECRM)
- Governance, Risk and Compliance (GRC)
- High Value Assets (HVA)
- Enterprise Threat and Vulnerability Management (ETVM)
- Vulnerability Disclosure Policy (VDP) Platform
- Ongoing SolarWinds Infrastructure and Post Incident Investments:
    - Threat intelligence providing proactive posture with regards to emergent threat (Post Incident)
    - Enterprise Application Security Improvements (Post Incident)
    - Annual Threat Hunt (Post Incident)
    - Hardware Security Modules (HSM) for generation and storage of security certificates (Infrastructure)

Additionally, the personnel resources requested are a part of Treasury's reinforcement and maturation of its cybersecurity compliance practices. These resources will focus on HVAs, ECRM and SCRM to support the EO 1402 and FISMA assurance activities to ensure criteria to evaluate software security and utilization of tools demonstrate conformance to security practices.

<u>Bureau Specific Investment +$12,224,000 / +3 FTE</u>
<u>Cloud Adoption- Bureau of the Fiscal Service (Fiscal Service) +$9,674,000 / +0 FTE</u>
This investment will accelerate Fiscal Service's Cloud Adoption from aging, costly platforms to optimize cloud-based architecture that will enhance the resiliency of Fiscal Service's systems and remediate Fiscal Service audit deficiencies. This applies to Fiscal Service's specific portfolio of applications and systems. Many of Fiscal Service's HVAs that support the National Critical Financial Infrastructure (NCFI) are currently hosted on aging platforms based on antiquated code. For example, one of these platforms is the Fiscal Service Mainframe, which costs $45.9 million annually substantial contractual costs that is anticipated to continue increasing over time. Consistent with the EO 14208, this funding will allow Fiscal Service to move over 60 FISMA systems to secure cloud services, including Software as a Service (SaaS), Infrastructure as a Service (IaaS), and Platform as a Service (PaaS). It will also enhance the business continuity and disaster recovery of these systems.

<u>FISMA Assessment Readiness Team- Departmental Offices Salaries and Expenses (DO SE) $1,850,000 / +3 FTE</u>
This investment will establish an Assessment Readiness Team (ART) which will be responsible for conducting independent assessments of security policies, programs, and operations throughout Treasury to identify gaps in a bureau's security posture and close them before they can be exploited by cyber criminals and nation state actors. The ART will be responsible for conducting security control assessments ensuring incident detection controls are employed and identifying associated deficiencies to detect capabilities across Treasury systems. These assessments will be used to improve Treasury's cybersecurity maturity model against technical, management and operational controls.

Logging Requirements- Treasury Inspector General for Tax Administration (TIGTA) +$700,000 / +0 FTE

This investment supports TIGTA's plans to meet EO 14028 and subsequent OMB M-21-31. TIGTA will continue strengthening and operating its enterprise logging solution to meet current and future demands to:

- Collect security event and system logs in real time for threat detection and compliance use cases
- Analyze logs in real time to detect attacks and other activities of interest
- Investigate incidents to determine their potential severity and impact on a business
- Report on these activities
- Store relevant events and logs

This will also enable TIGTA to perform the data collection needed to meet the requirements and automate the identification of unauthorized disclosure or access (UNAX) while also vastly improving the cyber detection capabilities. At the same time, it will meet on-going demands for improved efficiencies around cyber incident detection and response. The request will fund 12 months of operations.

1.3 – Object Classification (Schedule O)

Dollars in Thousands

Object Classification	FY 2021 Actual Obligations	FY 2022 Estimated Obligations	FY 2023 Estimated Obligations
11.1 - Full-time permanent	591	1,935	3,150
11.5 - Other personnel compensation	10	0	0
11.9 - Personnel Compensation (Total)	**601**	**1,935**	**3,150**
12.0 - Personnel benefits	245	669	945
Total Personnel and Compensation Benefits	**$846**	**$2,604**	**$4,095**
21.0 - Travel and transportation of persons	0	0	
23.3 - Communications, utilities, and miscellaneous charges	0	1,035	6,810
25.1 - Advisory and assistance services	24,792	10,818	71,191
25.2 - Other services from non-Federal sources	206	796	5,238
25.3 - Other goods and services from Federal sources	0	569	3,742
25.7 - Operation and maintenance of equipment	0	2,050	13,489
26.0 - Supplies and materials	3	0	0
31.0 - Equipment	2153	2,649	17,434
32.0 - Land and structures	40	0	0
Total Non-Personnel	**$27,194**	**$17,916**	**$117,905**
Total Obligations	**$28,040**	**$20,520**	**$122,000**
Full-time Equivalents (FTE)	**4**	**10**	**21**

*Amounts reflect obligations of annual appropriated resources, carryover balance, reimbursables, and transfers.

D – Appropriations Language and Explanation of Changes

Appropriations Language	**Explanation of Changes**
DEPARTMENT OF THE TREASURY DEPARTMENTAL OFFICES CYBERSECURITY ENHANCEMENT ACCOUNT (INCLUDING TRANSFER OF FUNDS) *For salaries and expenses for enhanced cybersecurity for systems operated by the Department of the Treasury, $215,000,000, to remain available until September 30, 2025: Provided, That such funds shall supplement and not supplant any other amounts made available to the Treasury offices and bureaus for cybersecurity: Provided further, That of the total amount made available under this heading $9,000,000 shall be available for administrative expenses for the Treasury Chief Information Officer to provide oversight of the investments made under this heading: Provided further, That such funds shall supplement and not supplant any other amounts made available to the Treasury Chief Information Officer.* Note.—A full-year 2022 appropriation for this account was not enacted at the time the Budget was prepared; therefore, the Budget assumes this account is operating under the Continuing Appropriations Act, 2022 (Division A of Public Law 117–43, as amended). The amounts included for 2022 reflect the annualized level provided by the continuing resolution	

E – Legislative Proposals

The Cybersecurity Enhancement Account has no legislative proposals.

Section II – Annual Performance Plan and Report

A – Strategic Alignment

Alignment with the Treasury Strategic Plan

The CEA is focused on an enterprise approach to bolstering and security of Treasury's critical IT systems and infrastructure to meet these Department's strategic goals and objectives uninterrupted. The CEA aligns with the following Treasury strategic goal and objectives as presented in the FY 2022- 2026 strategic plan:

Goal 2: Enhance National Security

- Objective 2.1 – Cyber Resiliency of Financial Systems and Institutions - Harden assets and systems of Treasury and the broader financial system to promote financial system resiliency.

Goal 3: Protect Financial Stability and Resiliency

- Objective 3.1 – Financial System Vulnerabilities - Identify and address current and emerging vulnerabilities to the stability of the U.S. and global financial systems to support more sustainable and equitable growth.

B – Budget and Performance by Budget Activity

2.1.1 Cybersecurity Enhancement Account Resources and Measures

Dollars in Thousands

Resource Level	FY 2017 Actuals	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Actuals	FY 2021 Actuals	FY 2022 Annualized CR	FY 2023 Request
Appropriated Resources	47,743	24,000	25,208	20,538	28,040	18,000	215,000
Budget Activity Total	**$47,743**	**$24,000**	**$25,208**	**$20,538**	**$28,040**	**$18,000**	**$215,000**
Full-time Equivalents (FTE)	**1**	**8**	**12**	**3**	**4**	**10**	**21**

*The FY 2017 – 2021 appropriated resources represent the approved operating plan.

Performance Measure	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2021 Target	FY 2022 Target	FY 2023 Target
Number of Major Incidents	N/A	0	0	1	1	0	0	0
Number of Reported Incidents	N/A	225	152	206	246	150	150	150
Percentage of Tier I High Value Assets (HVA) where Risk and Vulnerability Assessment (RVA) or Security Architecture Review (SAR) are Completed on Time (%)	N/A	100	100	10	100	100	100	100
Percentage of High and/or Critical Findings from RVAs or SARs on Tier I HVAs that are closed by the end of the FY	N/A	N/A	57%	80%	80%	75%	75%	80%

Cybersecurity Enhancement Account (CEA) Budget and Performance

($215,000,000 from direct appropriations):

The purpose of CEA is to strategically mitigate cybersecurity risks through a centralized program with Department-wide impact. Investments support the core framework of the Department's IT infrastructure. Due to the increasing volume and sophistication of cyberattacks, Treasury leadership continues to prioritize cybersecurity and will centralize department-wide cybersecurity initiatives through the CEA account. As a result, the FY 2023 CEA will begin to include bureau-level cybersecurity spending for specific investments related to cloud adoption and security logging requirements.

Description of Performance

Number of Major Incidents:

The number of major incidents, as defined in OMB M-19-02, reported by Treasury to Congress in a given fiscal year. This is a measure of how effective Treasury's collective defenses are at mitigating the most damaging security threats. On December 12, 2020, Treasury notified CISA of a major security incident because of the deployment of the SolarWinds Orion software product. Treasury has completed compromise assessments and all SolarWinds Orion products continue to remain offline across the Treasury Enterprise environment. The FY 2023 request includes additional funding to mitigate weaknesses identified and investments that support critical IT improvements. The FY 2022 and 2023 performance target of zero major incidents reported will be met through continued work to harden cybersecurity protocols, implementation of new cyber technology, interagency collaboration, increased training for cyber personnel, and customer feedback.

Number of Reported Incidents:

Each fiscal year, Treasury tracks the number of cybersecurity incidents reported to the United States Computer Emergency Readiness Team (US-CERT). This helps measure the effectiveness of Treasury's defenses at mitigating security threats and is an indicator of how often Treasury is being targeted by malicious actors. If the number of reported incidents rises while the number of major incidents remains steady or declines, it indicates an effective cybersecurity program. The incidence of intrusion events at Treasury has not remained constant over time, and projections must be used as a baseline measure only. In FY 2021, Treasury witnessed a lower number of incidents being reported, this is indicative of enhanced detection and mitigation capabilities. The FY 2022 and FY 2023 targets will remain flat.

Percentage of High and/or Critical Findings from Risk and Vulnerability Assessment (RVAs) or Security Architecture Review (SARs) on Tier I High Value Assets (HVAs) that are closed by the end of the Fiscal Year (FY):

This is a measure of how Treasury addresses the vulnerabilities and potentially exploitable weaknesses of its most important systems, based on its HVA assessment process. Treasury's CEA performance targets are based upon the percentage of HVA system assessments that are conducted in accordance with the HVA assessment cycle and the closure rate of resulting findings and/or Plans of Action and Milestones (POAMs) within the fiscal year. Treasury has consistently recorded a 100 percent completion rate for system assessments and currently has a 100 percent closure rate for associated findings and POAMs. This focus helps to ensure that the proper POAMs are in place for all assessed systems and that they are being acted upon in a timely manner. The investment will focus on remediation of vulnerabilities, as well as increased review and reporting on corrective actions to resolve all findings and recommendations discerned during the assessment process. It was decided that the FY 2022 and 2023 targets will remain flat from FY 2021 numbers due to the likelihood of findings from HVA assessments requiring long-term remediation efforts.

C – Changes in Performance Measures
This year, CEA is working to align budget activities and performance measures to the new objectives in the Treasury FY 2022 – 2026 Strategic Plan. This work will include benchmarking performance and may result in changes to performance measures in the FY 2024 budget.

CEA has no changes to any performance measures from the previous year President's Budget.

Section III – Additional Information

A – Summary of Capital Investments
Capital investments that support CEA are included in the Departmental Offices plan.

A summary of capital investment resources, including major information technology and non-technology investments can be viewed and downloaded at: https://www.treasury.gov/about/budget-performance/Pages/summary-of-capital-investments.aspx.

B – National Institute of Standards and Technology (NIST) Crosswalk
NIST Crosswalk to FY 2023 President's Budget Request**:**

	NIST Reporting Categories					
CEA Investments	**Identify**	**Protect**	**Detect**	**Respond**	**Recover**	**Total FY 2023 Request**
Zero Trust Architecture Implementation	**$ -**	**$ 86,452,000**	**$ -**	**$ -**	**$ -**	**$ 86,452,000**
Security Logging Requirements	**$ -**	**$ 23,329,000**	**$ -**	**$ -**	**$ -**	**$ 23,329,000**
Cloud Enterprise Investment	**$ -**	**$ 22,500,000**	**$ -**	**$ -**	**$ -**	**$ 22,500,000**
Universal Encryption	**$ -**	**$ 16,467,000**	**$ -**	**$ -**	**$ -**	**$ 16,467,000**
Multi-Factor Authentication (MFA)	**$ -**	**$ 3,659,333**	**$ 3,659,333**	**$ 3,659,333**	**$ -**	**$ 10,978,000**
Other Cybersecurity Priorities	**$ 26,069,167**	**$ 11,719,167**	**$ 2,152,500**	**$ 2,152,500**	**$ 956,667**	**$ 43,050,000**
Bureau Specific Investments	**$ 925,000**	**$ 10,374,000**	**$ 925,000**	**$ -**	**$ -**	**$ 12,224,000**
BFS- Cloud Adoption	*$ -*	*$ 9,674,000*	*$ -*	*$ -*	*$ -*	*$ 9,674,000*
DO SE-FISMA ART	*$ 925,000*	*$ -*	*$ 925,000*	*$ -*	*$ -*	*$ 1,850,000*
TIGTA-Security Logging	*$ -*	*$ 700,000*	*$ -*	*$ -*	*$ -*	*$ 700,000*
Grand Total	**$ 26,994,167**	**$ 175,425,500**	**$ 5,811,833**	**$ 5,811,833**	**$ 956,667**	**$ 215,000,000**

Department of the Treasury Department-wide Systems and Capital Investments Program

Congressional Budget Justification and Annual Performance Report and Plan

FY 2023

Section I – Budget Request

A – Mission Statement
Improve infrastructure, modernize business processes, and increase efficiency through technology and capital investments that support the missions of Treasury bureaus and programs.

B – Summary of the Request
An icon of American architecture, the Main Treasury Building is the third oldest in use Federal building in Washington, after the Capitol and the White House. Unlike the Capitol or the White House, the Main Treasury Building is not under the jurisdiction of the Architect of the Capitol or GSA respectfully, but rather is the direct responsibility of the Treasury Department. The bulk of funding for its care through capital investments is provided through DSCIP.

The Main Treasury Building was built with Congressional appropriations from 1836 to 1869. From 1909 to 1910, the building received a special appropriation to modernize its infrastructure, which helped to bring the building into the 20th century. A major fire in 1996 resulted in a series of Congressional appropriations that ushered the Treasury Building into the 21st century. Now, 26 years later, the building faces a magnitude of issues that need to be addressed, some of which pose life safety concerns, including issues related to Treasury and the Freedman's Bank Buildings' external and internal infrastructure and security posture.

Treasury's FY 2023 request reflects a limited subset of those previously identified needs, which the Department plans to continue to work to address over time. The FY 2023 request builds on prior year efforts (which included requests in FY 2021 and 2022) to repair the outer envelope of the Main Treasury building, and also includes funding to address major repairs within the interior of the Main Treasury building. This request reflects Treasury's three-step long-term strategy to continue to maintain and modernize its owned spaces: (1) secure the building's outer envelope; (2) conduct a condition assessment to identify additional needs associated with the buildings' continual aging and deferred maintenance; and (3) based on this assessment, conduct a holistic modernization of the building's systems and infrastructure. The last facility condition assessment Treasury conducted was in 2016 which found a range of needs to be addressed. In 2021 Treasury began a new assessment in an effort to update the list of outstanding projects to be addressed.

Additionally, the request includes $5 million for the leasing of zero-emission vehicles and the purchase of associated charging infrastructure in support of the Administration's goal of achieving 100 percent zero-emission vehicle acquisitions by 2035 for the Federal vehicle fleet by 2035.

1.1 – Appropriations Detail Table

Dollars in Thousands

Appropriated Resources	FY 2021 Operating Plan		FY 2022 Annualized CR		FY 2023 Request		FY 2022 to FY 2023 % Change	
New Appropriated Resources	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**
Department-Wide Systems and Capital Investments Program	0	$6,118	0	$6,118	0	$11,118	NA	81.7%
Subtotal New Appropriated Resources	**0**	**$6,118**	**0**	**$6,118**	**0**	**$11,118**	**NA**	**81.7%**
Total Budgetary Resources	**0**	**6,118**	**0**	**$6,118**	**0**	**$11,118**	**NA**	**81.7%**

1.2 – Budget Adjustments Table

Dollars in Thousands

	FTE	Amount
FY 2022 Annualized CR	**0**	**$6,118**
Changes to Base:		
Non-Recurring Costs	0	($6,118)
Main Treasury Exterior Repairs	0	($6,118)
Subtotal Changes to Base	0	($6,118)
FY 2023 Current Services	**0**	**$0**
Program Changes:		
Program Increases:	0	$11,118
Interior Repairs: includes elevator overhaul and basement wall waterproofing	0	$2,118
Main Treasury Exterior Repairs	0	$4,000
Electric Vehicle Leases and Infrastructure	0	$5,000
FY 2023 President's Budget Request	**0**	**$11,118**

C – Budget Increases and Decreases Description

Non-Recurring Costs .... -$6,118,000 / + 0 FTE

This amount represents the non-recur of investments funded within the FY 2022 annualized CR

Program Increases ....+$11,118,000 / +0 FTE

Interior Repairs: includes elevator overhaul and basement wall waterproofing +$2,118,000 / +0 FTE

Elevators- rebuild/overhaul- design, $500,000, +0 FTE

Funding is requested for the Main Treasury elevators that were last renovated approximately 20 years ago and are approaching the end of their useful life. Recently these elevators have experienced a higher level of failure issues including trapped building occupants. Failing elevators pose a significant danger to Main Treasury employees and visitors and hold Treasury back from being compliant with life safety codes. This request will also fund an assessment of the elevators and the renovation planning and design.

Basement wall waterproofing - study/design – repair, $1,618,000, +0 FTE

Leaks in the basement level of the Freedman's Bank Building have impacted the use of secure office spaces due to safety and health concerns. To address the water intrusion issues and prevent increased future damage, an excavation along the south side of the building will need to be conducted. Additionally, below-grade area waterproofing, backfill, and restoration of the surrounding area would be required to permanently address the water intrusion issues. Ongoing water intrusion will eventually undermine the structure. This request will support the study to complete the design as well as partial repairs of the space.

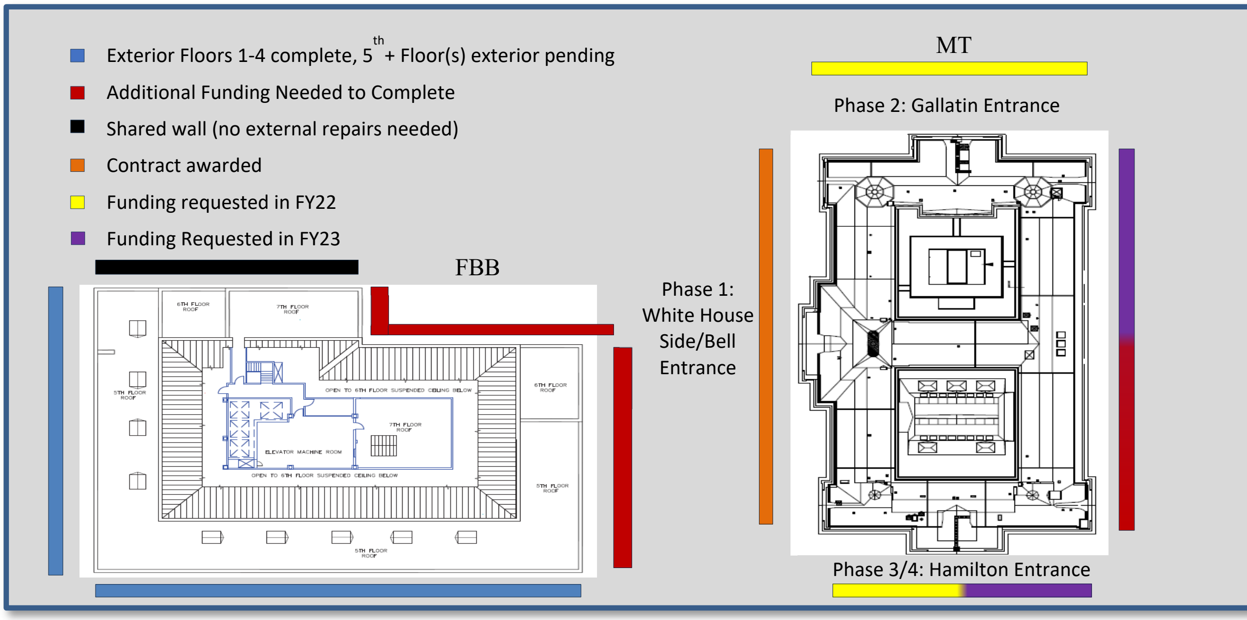
<u>Main Treasury Exterior Repairs +$4,000,000 / +0 FTE</u>
Treasury's request continues critical renovations and maintenance of the outer shell of the Main Treasury (MT) and Freedman's Bank Building (FBB) facilities, with the primary goals of preventing continued water intrusion and repairing key structural components. Work items include repairs to masonry and windowsills (see figures 1 and 2 below).

Fig 1: Open Joints, Failing Masonry

Fig 2: Typical Rotten Windowsill

Figure 1: Repairing failed masonry joints to protect from moisture penetration, cleaning the stone surfaces, and repairing damaged stone.
Figure 2: Repairing or replacing window frames suffering varying degrees of damage after years of weather exposure. Window work will require scaffolding which is expensive to rent/contract.

This request funds phase four of the multiyear effort to maintain the building and to prevent more expensive repair work, as deterioration continues, to include weather intrusion that is impacting interior spaces that require remediation and can cause mold, which impacts air quality and creates a health and safety risk to staff. Phase four covers the remainder of the Hamilton/South entrance and the East/15th St. façade of the MT building. This funding covers



exterior repairs, but it is possible the repairs will uncover additional unanticipated structural issues that could require additional funding requests.

Electric Vehicle Leases and Infrastructure +$5,000,000 / +0 FTE

Treasury is committed to supporting the Administration's goals of combatting the impacts of climate change. The Department of the Treasury is accelerating the conversion of its vehicle fleet to electric vehicles (EVs) as a part of strategic objective 4.4 (Sustainable Treasury Operations). In order to facilitate this transition, $5 million is being requested by Treasury in FY 2023 in the Department-wide Systems and Capital Investments Program account for leasing of EVs and purchasing associated charging and supply equipment. Funding will be used for the replacement of traditional internal combustion vehicle leases with zero-emission vehicles across the Department. Where possible, electric vehicles will replace traditionally powered leased vehicles as well. Additional charging station infrastructure will be installed to support fleet electrification. Some existing charging stations will require updates or replacement. Electrifying the Treasury fleet will support environmental and energy sustainability and will make Treasury more adaptive and resilient to the impacts of climate change.

1.3 – Object Classification (Schedule O) Obligations

Dollars in Thousands

Object Classification	FY 2021 Actual Obligations	FY 2022 Estimated Obligations	FY 2023 Estimated Obligations*
23.3 - Communications, utilities, and miscellaneous charges	0	0	5,000*
25.1 - Advisory and assistance services	321	1,286	0
25.7 - Operation and maintenance of equipment	186	0	0
31.0 - Equipment	1,842	0	0
32.0 - Land and structures	6,528	8,364	6,118
Total Non-Personnel	**$8,877**	**$9,650**	**$11,118**
Total Obligations	**$8,877**	**$9,650**	**$11,118**
Full-time Equivalents (FTE)	**0**	**0**	**0**

Amounts reflect obligations of annually appropriated resources, carryover balances, reimbursables, and transfers.

*Amounts for electric vehicles in FY 2023 likely to be transferred to other bureaus, exact amounts to be transferred are to be determined.

D – Appropriations Language and Explanation of Changes

Appropriations Language	Explanation of Changes
DEPARTMENT OF THE TREASURY DEPARTMENT-WIDE SYSTEMS AND CAPITAL INVESTMENTS PROGRAM	
For development and acquisition of automatic data processing equipment, software, and services; for the hire of zero emission passenger motor vehicles and for supporting charging or fueling infrastructure; and for repairs and renovations to buildings owned by the Department of the Treasury, $11,118,000, to remain available until September 30, 2025: Provided, That these funds shall be transferred to accounts and in amounts as necessary to satisfy the requirements of the Department's offices, bureaus, and other organizations: Provided further, That this transfer authority shall be in addition to any other transfer authority provided in this Act: Provided further, That none of the funds appropriated under this heading shall be used to support or supplement ''Internal Revenue Service, Operations Support'' or ''Internal Revenue Service, Business Systems Modernization.'' Note. --A full-year 2022 appropriation for this account was not enacted at the time the budget was prepared; therefore, the budget assumes this account is operating under the Continuing Appropriations Act, 2022 (Division A of P.L. 117-43, as amended). The amounts included for 2022 reflect the annualized level provided by the continuing resolution.	Provides authority to DSCIP to spend funding on electric vehicles and associated charging infrastructure.

E – Legislative Proposals

DSCIP has no legislative proposals.

Section II – Annual Performance Plan and Report

A – Strategic Alignment
The DSCIP account provides a mechanism for Treasury to fund capital investments that have complex contracts with projects that span several fiscal years. Through the DSCIP account, the Treasury has been able to develop a Treasury-wide human resources information technology solution as well as fund the continual repair and restoration of the Main Treasury Building and the Freedman's Bank Building.

DSCIP's work aligns with the following new objectives in the Treasury FY 2022 – 2026 Strategic Plan:

Strategic Goal 4, to Combat Climate Change:
- Objective 4.4: Sustainable Treasury Operations. Improve Treasury's overall environmental and energy sustainability and invest in Bureaus' adaptation and resiliency efforts to address climate change impacts on operations and services.

Strategic Goal 5, to Modernize Treasury Operations:
- Objective 5.4: Customer Experience Practices. Mature and embed strong customer experience practices across the Department, establishing Treasury's reputation for consistently positive experiences.

B – Budget and Performance by Budget Activity
2.1 – DSCIP Resources and Measures

Dollars in Thousands

Resource Level	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Annualized CR	FY 2023 Request
Department-wide Systems and Capital Investments Program (DSCIP)	$3,000	$4,426	$4,000	$6,118	$6,118	$6,118	$11,118
Budget Activity Total	**$3,000**	**$4,426**	**$4,000**	**$6,118**	**$6,118**	**$6,118**	**$11,118**
Full-time Equivalents (FTE)	**0**	**0**	**0**	**0**	**0**	**0**	**0**

Note: Funding levels reflect actual appropriation levels for FY 2017 – FY 2021 as reflected in the annual operating plan.

Department-wide Systems and Capital Investments Program Fund Budget and Performance
($11,118,000 from direct appropriations):

Treasury Owned Buildings - Repairs and Renovations
Treasury Operations has continued to strategically focus on restoring the health of the building envelope (shell), in an effort to correct the deteriorating building structure and infrastructure. Components of the Main Treasury building that have been repaired, replaced, or funded include new roofs (FY 2019/2021) and repairs to 40 percent of the windows (FY 2015/2017). The Freedman's Bank Building components that have been repaired, replaced, or funded/planned include new roofs (FY 2017/2019), domestic water line (FY 2020/2022), and replacement of all windows

(FY 2009/2011). Funding and completion of these exterior items represent significant progress towards the preservation of the two buildings, maintaining a safe and healthy workplace, and reducing damage to the interior plaster and paint. The contract for the first phase of the Main Treasury exterior restoration was awarded late in FY 2021. Completion of the first phase is expected (restoration of the west façade) during FY 2022.

The FY 2021 contract award of the expanded Facility Condition Assessment (FCA) will provide an update and validation to the immediate repair needs that will identify long-term capital expenses based on the expected useful life of building systems and components. The FCA will also allow Treasury to identify ways to modernize Treasury facilities to improve energy efficiency and sustainability. Treasury Operations has enlisted non-reimbursable staffing resources to identify ways to improve Treasury's sustainability and decrease Treasury's carbon footprint, and the FCA will be invaluable in establishing a baseline from which Treasury can identify areas where sustainability or energy efficiency can be improved (e.g., legacy mechanical systems, more efficient building envelope, etc.) consistent with strategic objective 4.4. Work on the expanded FCA began in December 2021.

In addition to immediate repairs and long-term needs, the expanded FCA will provide feedback on code and Americans with Disabilities Act compliance. In doing so, it will also allow Treasury to provide a safer, more inclusive, and more comfortable environment for Treasury staff, which should contribute to the productivity and morale of employees within these buildings consistent with strategic objective 5.4. After the onset of the pandemic and the loss of activity in the Washington, DC Central Business District, Treasury owned spaces experienced a significant increase in rodent activity. Shortly after that, a water line leak led to the collapse of an interior basement wall in the FBB. In January 2022 a broken water pipe on the fifth floor of MT flooded all the floors below it, compromising workstations, walls, ceilings, and carpeting. Situations like these make it difficult for Treasury to support its staff within Treasury DO. The FCA will allow DO to identify and develop action plans to solve problems like these before they can occur, driving better, safer, and more inclusive experiences for Treasury staff.

SolarWinds Response
Due to the large scope of the SolarWinds incident remediation, in May 2021 Treasury realigned $3.7M from the FY 2021 DSCIP appropriation to address immediate cybersecurity requirements.

Section III – Additional Information

A – Summary of Capital Investments
A summary of capital investment resources, including major information technology and non-technology investments can be found at:
https://home.treasury.gov/about/budget-financial-reporting-planning-and-performance/budget-requestannual-performance-plan-and-reports/summary-of-capital-investments

Department of the Treasury Office of Terrorism and Financial Intelligence

Congressional Budget Justification and Annual Performance Plan and Report

FY 2023

Table of Contents

Section I – Budget Request

A – Mission Statement

Enhance national security by applying Treasury's unique policy, enforcement, intelligence, and regulatory tools to identify, disrupt and disable terrorists, criminals, and other national security threats to the United States and to protect the U.S. and international financial systems from abuse by illicit actors.

B – Summary of the Request

TFI requests $212.059 million, which is a $37.059 million increase from the level of the FY 2021 Operating Plan. TFI requests these additional resources to continue to invest in its people. As reliance on TFI's authorities has grown, the corresponding growth in personnel across TFI and increased demand placed upon secure systems requires additional investment in mission support areas. This request also promotes targeted investments that will strengthen U.S. national security, including financing for classified systems technology, sanctions efforts, Department-wide counterintelligence efforts, and a legislatively-mandated Kleptocracy Rewards Pilot Program. The FY 2023 budget prioritizes funding for Treasury's targeted financial tools that protect the U.S. and international financial system from abuse, as well as countering the financial networks that support terrorists, weapons proliferators, organized transnational crime, rogue regimes, and other threats.

1.1 – Appropriations Detail Table

Dollars in Thousands

Appropriated Resources	FY 2021 Operating Plan		FY 2022 Annualized CR		FY 2023 Request		FY 2022 to FY 2023 % Change	
New Appropriated Resources	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**
Terrorism and Financial Intelligence	524	$175,000	561	$175,000	624	$212,059	11.2%	21.2%
Subtotal New Appropriated Resources	**524**	**$175,000**	**561**	**$175,000**	**624**	**$212,059**	**11.2%**	**21.2%**
Other Resources								
Reimbursable	35	$8,280	41	$10,500	41	$10,500	0.0%	0.0%
Subtotal Other Resources	**35**	**$8,280**	**41**	**$10,500**	**41**	**$10,500**	**0.0%**	**0.0%**
Total Budgetary Resources	**559**	**183,280**	**602**	**$185,500**	**665**	**$222,559**	**10.5%**	**20.0%**

Note: FY 2021 Other Resources and Full-time Equivalents (FTE) reflect actuals.

1.2 – Budget Adjustments

Dollars in Thousands

	FTE	Amount
FY 2022 Annualized CR	**561**	**$175,000**
Changes to Base:		
Maintaining Current Levels (MCLs):	0	$6,567
Pay Annualization (2.7% average pay raise)	0	$746
Pay Raise (4.6% average pay raise)	0	$4,142
Non-Pay	0	$1,679
Other Adjustments:	14	$10,192
Adjustments to Meet Current Operating Levels	14	$10,192
Subtotal Changes to Base	14	$16,759
FY 2023 Current Services	**575**	**$191,759**
Program Changes:		
Program Increases:	49	$20,300
Enhance the IC's Economic Security and Financial Intelligence	32	$8,000
Upgrade Treasury's Secure Space and Network Infrastructure	0	$2,281
Emerging Sanctions Programs	13	$3,186
Develop Treasury's Secure Communications and Continuity Program	2	$672
Kleptocracy Asset Recovery Rewards Pilot Program - Payments for Rewards	0	$1,650
Terrorist Financing and Financial Crimes Operations/Travel	2	$1,787
Counter Cyber-Enabled Threats	0	$2,724
FY 2023 President's Budget Request	**624**	**$212,059**

C – Budget Increases and Decreases Description

Maintaining Current Levels (MCLs) ....+$6,567,000 / +0 FTE

Pay Annualization (2.7%) +$746,000 / +0 FTE

Funds are requested for annualization of the January 2022 2.7% average pay raise.

Pay Raise (4.6% in 2023) +$4,142,000 / +0 FTE

Funds are requested for a 4.6% average pay raise in January 2023.

Non-Pay +$1,679,000 / +0 FTE

Funds are requested for non-labor expenses such as travel, contracts, rent, supplies, and equipment.

Other Adjustments ....+$10,192,000 / +14 FTE

Adjustments to Meet Current Operating Levels +$10,192,000 / +14 FTE

Adjustment relates to funding received in prior year that supports technology investments and hiring and onboarding of +14 FTEs.

Program Increases ....+$20,300,000 / +49 FTE

Enhance the Intelligence Community's (IC) Economic Security and Financial Intelligence +$8,000,000 / +32 FTE

The Department requests $8 million for targeted investments to improve TFI's Office of Intelligence Analysis's (OIA) economic and finance-related strategic and counterintelligence analysis, as well as expand OIA's reporting program. Support to four key programmatic areas include:

- *Strategic Economic and Financial Analysis* – This funding would allow OIA to hire seasoned experts to enhance our strategic macroeconomic and sectoral intelligence analysis in support of the Department's national security mission.
- *Counterintelligence (CI) Threat Finance* – This funding would allow OIA to expand its analysis of how foreign intelligence services pay to target and recruit U.S. government personnel. As proven in recent espionage cases, foreign intelligence entities' tactics, techniques, and procedures have evolved greatly in the way they seek to target and recruit U.S. government personnel.
- *Enhance the Treasury Reporting Program* – This funding would allow OIA to expand intelligence reporting to the intelligence, law enforcement, and policy communities as applicable, based on Treasury policymaker engagements and whether data sets are proprietary or shareable.
- *Program Management* – This funding would support the enterprise management functions required to implement this investment.

<u>Upgrade Treasury's Secure Space and Network Infrastructure +$2,281,000 / +0 FTE</u>
The Department requests funding to update our secure space infrastructure, including the physical access control system for the Main Treasury Complex, the Treasury Financial Intelligence Network (TFIN) servers, and other hardware that will be at end of life. The current access control system is not adequately protected due to antiquated infrastructure resulting in a system that will be non-compliant with security standards. In addition, TFIN servers do not have sufficient redundancy and are at risk of extended outages during which users are unable to perform sensitive work. These funds will make the network more resilient by establishing redundant servers and hybrid cloud environments capable of maintaining wide-scale operations during the occasional server outages.

<u>Emerging Sanctions Programs +$3,186,000 / +13 FTE</u>
The Office of Foreign Assets Control's (OFAC) sanctions programs are seeing an increase in work needed to maintain existing lines of effort and expand to address new threats. OFAC requests 13 FTEs to manage an increase in enforcement equities associated with greater connectivity between U.S. persons and the sanctions targets; handling increased private sector engagement; increasing investigations into complex targeting actions; and increasing policy, regulatory affairs, and licensing actions.

<u>Develop Treasury's Secure Communications and Continuity Program +$672,000 / +2 FTE</u>
The Department requests funding for Treasury's Secure Communications Program to support Treasury's executive-level communications support program, ensure compliance to various secure communication directives, and maintain continuity readiness.

<u>Kleptocracy Asset Recovery Rewards Pilot Program – Payments for Rewards +$1,650,000 / +0 FTE</u>
The Fiscal Year 2021 National Defense Authorization Act (NDAA) directs the Treasury Department to create a Kleptocracy Asset Recovery Rewards Pilot Program to aid in identifying stolen assets acquired through foreign corruption that fall under U.S. jurisdiction, with the goal

of seizing those assets. The program authorizes payments to informants who provide information that leads to and results in restraining or seizure of assets, forfeiture of assets, or repatriation of assets. This request provides the necessary funding for potential rewards payments to informants. Per the NDAA, the Secretary of the Treasury is responsible for administering the program, in consultation with the Secretary of State, the Attorney General, and the heads of other such agencies as the Secretary may find appropriate. The NDAA also allows the Secretary to delegate ultimate approval of any rewards to an Under Secretary, in this case the Under Secretary for Terrorism and Financial Intelligence. TFI's Treasury Executive Office of Asset Forfeiture (TEOAF) will assist in the financial management side of the program and the Office of Terrorist Financing and Financial Crimes (TFFC) will provide policy and operational guidance and support.

Terrorist Financing and Financial Crimes Operations / Travel +$1,787,000 / +2 FTE
Funding is required for TFFC operations, to include operational support of the Kleptocracy Asset Recovery Rewards Pilot Program. This request also includes $717,000 for program office travel costs. Almost all of TFFC's travel is international and involves TFFC representing the U.S. government in various forums and high-visibility conferences. In particular, travel associated with the Financial Action Task Force (FATF) and FATF-Style Regional Bodies is critical as TFFC works closely with finance ministries and other international partners to identify and close vulnerabilities within the international financial system that make it susceptible to terrorist financing and other illicit financial activity. Additionally, TFFC attends meetings related to U.S. government Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT) standards and practices to influence how our international partners address illicit finance and money laundering.

Counter Cyber-Enabled Threats +$2,724,000 / +0 FTE
Recent cyber espionage and attack events, including the SolarWinds supply chain compromise and targeting of U.S. critical infrastructure, continue to demonstrate the ever-evolving threats from state and non–state malicious cyber actors. The Department requests additional resources to defend against increasingly sophisticated malicious cyber campaigns that target the sensitive information stored on Treasury systems and its network's infrastructure. This will ensure that TFIN applications, and the data they house, are protected from unauthorized access while reliably available to authorized personnel executing Treasury's authorities by creating more sophisticated and centralized monitoring of the network. Specifically, it will improve Treasury's security posture by preventing, detecting, and responding to cybersecurity incidents on TFIN. It will also enable OIA to comply with the new National Security Memorandum 8 (NSM-8) on "Improving the Cybersecurity of National Security, Department of Defense, and Intelligence Community Systems" where national security systems have the same or preferably better security mechanisms in place as federal information systems.

1.3 – Object Classification (Schedule O) Obligations

Dollars in Thousands

Object Classification	FY 2021 Actual Obligations	FY 2022 CR Estimated Obligations	FY 2023 Estimated Obligations
11.1 - Full-time permanent	69,293	77,939	90,553
11.3 - Other than full-time permanent	334	346	413
11.5 - Other personnel compensation	2,530	2,661	3,082
11.9 - Personnel Compensation (Total)	**72,157**	**80,946**	**94,048**
12.0 - Personnel benefits	24,626	27,386	31,804
Total Personnel and Compensation Benefits	**$96,783**	**$108,332**	**$125,852**
21.0 - Travel and transportation of persons	484	1,068	1,905
22.0 - Transportation of things	136	139	153
23.2 - Rental payments to others	69	70	76
23.3 - Communications, utilities, and miscellaneous charges	12	12	14
24.0 - Printing and reproduction	3	3	3
25.1 - Advisory and assistance services	13,065	11,733	13,312
25.2 - Other services from non-Federal sources	4,365	4,407	4,755
25.3 - Other goods and services from Federal sources	45,444	44,224	54,465
25.7 - Operation and maintenance of equipment	4,692	3,622	7,780
26.0 - Supplies and materials	3,624	3,733	4,106
31.0 - Equipment	2,625	2,676	4,884
32.0 - Land and structures	9,617	5,477	3,600
42.0 - Insurance claims and indemnities	4	4	4
91.0 - Unvouchered	0	0	1,650
Total Non-Personnel	**$84,140**	**$77,168**	**$96,707**
Total Obligations	**$180,923**	**$185,500**	**$222,559**
Full-time Equivalents (FTE)	**559**	**602**	**665**

Note: Amounts reflect obligations of annually appropriated resources, carryover balances, and reimbursables.

D – Appropriations Language and Explanation of Changes

Appropriations Language	Explanation of Changes
DEPARTMENT OF THE TREASURY OFFICE OF TERRORISM AND FINANCIAL INTELLIGENCE *Federal Funds* SALARIES AND EXPENSES	
For the necessary expenses of the Office of Terrorism and Financial Intelligence to safeguard the financial system against illicit use and to combat rogue nations, terrorist facilitators, weapons of mass destruction proliferators, human rights abusers, money launderers, drug kingpins, and other national security threats, $212,059,000, of which not less than $3,000,000 shall be available for addressing human rights violations and corruption, including activities authorized by the Global Magnitsky Human Rights Accountability Act (22 U.S.C. 2656 note): Provided, That of the amounts appropriated under this heading, up to $12,000,000 shall remain available until September 30, 2024. Note.--A full-year 2022 appropriation for this account was not enacted at the time the budget was prepared; therefore, the budget assumes this account is operating under the Continuing Appropriations Act, 2022 (Division A of P.L. 117-43, as amended). The amounts included for 2022 reflect the annualized level provided by the continuing resolution.	The FY 2023 budget request includes language for an additional $2 million in multi-year funding authority to support the legislatively-directed Kleptocracy Asset Recovery Rewards Pilot Program.

E – Legislative Proposals

The Office of Terrorism and Financial Intelligence has no legislative proposals.

Section II – Annual Performance Plan and Report

A – Strategic Alignment

This year, TFI is working to align budget activities and performance measures to the new objectives in the Treasury FY 2022 – 2026 Strategic Plan. This work will include benchmarking performance and may result in changes to performance measures in the FY 2024 budget.

TFI supports, and in some cases leads, the following strategic goals and objectives:

- Goal 2 – Enhance National Security
  - Objective 2.1 – Cyber Resiliency of Financial Systems and Institutions. Harden assets and systems of Treasury and the broader financial system to promote financial system resiliency.
  - Objective 2.2 – Economic Measures to Advance National Security. Enhance and protect national security through the application of targeted financial measures and review of certain foreign investments.
  - Objective 2.3 – Modernize Sanctions Regime. Modernize the development, implementation, enforcement, and maintenance of U.S. sanctions to ensure that sanctions remain a streamlined and effective foreign policy and national security tool.
  - Objective 2.4 – Transparency in the Financial System. Increase transparency in the domestic and international financial system.
- Goal 3 – Protect Financial Stability and Resiliency
  - Objective 3.1 – Financial System Vulnerabilities. Identify and address current and emerging vulnerabilities to the stability of the U.S. and global financial systems to support more sustainable and economic growth.
  - Objective 3.3 – Financial Innovation. Encourage responsible financial sector innovation.
- Goal 4 – Combat Climate Change
  - Objective 4.3 – Climate-Related Financial Risk. Identify and mitigate key sources of climate-related financial risks to macroeconomy, financial system, investors, governments, including federal and subnational exposures, and households, understanding that risks may have disparate impacts on disadvantaged communities.

B – Budget and Performance/Workforce Indicators by Budget Activity
2.1.1 – Terrorism and Financial Intelligence Resources and Measures

Dollars in Thousands

Resource Level	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Annualized CR	FY 2023 Request
Appropriated Resources	$123,000	$141,778	$159,000	$169,712	$175,000	$175,000	$212,059
Reimbursable	$6,491	$8,626	$7,756	$8,543	$8,280	$10,500	$10,500
Budget Activity Total	**$129,491**	**$150,404**	**$166,756**	**$178,255**	**$183,280**	**$185,500**	**$222,559**
Full-time Equivalents (FTE)	**428**	**444**	**480**	**516**	**559**	**602**	**665**

Note: The FY 2017 - FY 2021 appropriated and other resources level represents the approved operating plan.

Performance Measure	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2021 Target	FY 2022 Target	FY 2023 Target
Number of new or modified sanctions programs modified by EO or Congressional mandate during the fiscal year	N/A	N/A	N/A	7	8	I	I	I
Regulatory documents published in the Federal Register within four months of publication of an Executive order or Congressional mandate during the fiscal year	N/A	N/A	N/A	67%	25%	75%	75%	75%
Designations and identifications released on time to the public without errors	N/A	N/A	N/A	97%	98%	90%	90%	90%
Conduct outreach events for the other US government agencies, the public, the business sector, and foreign government per calendar year	N/A	N/A	N/A	0	26	60	60	60
Participation in FATF international mutual evaluations and follow up reports	N/A	N/A	N/A	32	32	I	I	I
Number of roundtables with private sector on AML/CFT threats, vulnerabilities, and risk	N/A	N/A	N/A	13	13	I	I	I
# of overseas/domestic engagements with foreign officials by TFFC officials	N/A	N/A	N/A	> 690	500+	I	I	I
Respond to de-confliction requests received from law enforcement within 7 days*	N/A	N/A	N/A	88%	97%	91%	91%	91%
# of security clearances processed	N/A	N/A	N/A	1131	450	B	B	B
Number of analytic products published (includes number of IIRs published, number of finished intelligence pieces published)	N/A	N/A	N/A	446 IIRs/297 FI	317/IIRs/321 FI	I	I	I
Percent customer satisfaction with OIA products	N/A	N/A	N/A	Customer Satisfaction Surveys not conducted in FY 2020 due to the COVID-19 pandemic.	70%	74%	74%	74%

Key: I – Indicator; B - Baseline

*See Section C – Changes in Performance Measures

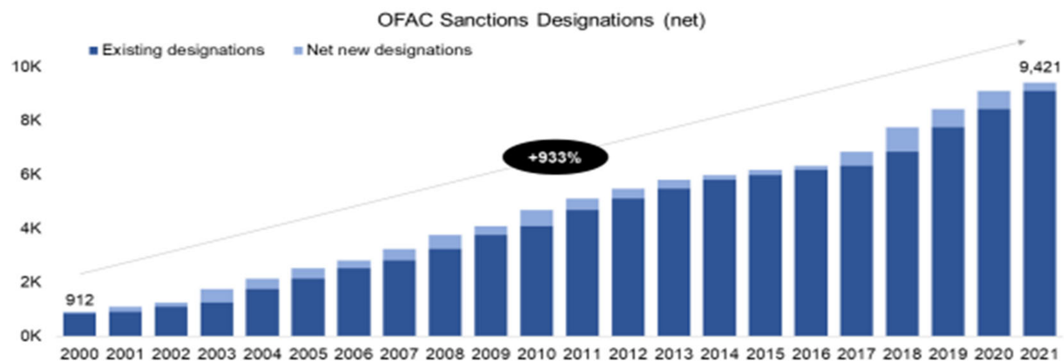
Terrorism and Financial Intelligence Budget and Performance

($212,059,000 from direct appropriations, $10,500,000 from reimbursable resources):

Sanctions

In FY 2021, Treasury leveraged its tools and authorities to combat malicious actors, strengthened the AML/CFT regime, began reviewing the authorities and processes surrounding financial sanctions to address emerging challenges, and strengthened our cybersecurity apparatus. Since the beginning of FY 2021, Treasury established eight new or modified sanctions programs with

944 designations carried out—an approximately 38% increase from the previous fiscal year and a 933% increase since 2000.



On China, TFI realigned analytic resources to anticipate and analyze more thoroughly the security threats China poses. Over this period, Treasury took actions against several firms related to the Chinese military industrial complex. This includes actions against government officials and other perpetrators of human rights abuses and technological firms that support the tracking of ethnic minorities. Treasury also issued a joint advisory in conjunction with the Departments of State, Commerce, and Homeland Security to highlight growing risks associated with actions undertaken by the Government of the People's Republic of China and the Government of the Hong Kong Special Administrative Region (SAR) that could adversely impact U.S. companies that operate in the Hong Kong SAR of the People's Republic of China.

Treasury also targeted a variety of different Iranian individuals and entities, including charities controlled by Iran's Supreme Leader, an oil smuggling network that helps fund Iran's Revolutionary Guard Corps–Quds Force (IRGC-QF) and the Houthis in Yemen, individuals who attempted cyber-enabled intrusions for the purpose of sowing discord within the U.S. electoral process, and companies and individuals that provided critical support to the Unmanned Aerial Vehicle (UAV) programs of Iran's RGC and its expeditionary unit, the IRGC-QF.

In FY 2021, Treasury took multiple actions under a new Executive Order targeting aggressive and harmful activities by the Government of the Russian Federation. These include actions taken against some of Russia's most economically consequential institutions, including the country's central bank, finance ministry, and sovereign wealth fund. Treasury also took action against an array of individuals and entities implicated in Russia's ongoing actions against Ukraine, including its prior annexation of Crimea, foreign election interference, technology companies implicated in the SolarWinds cyberattack, the poisoning of Aleksey Navalny, and chemical weapons program.

On Burma, Treasury implemented a new sanctions regime in response to the Burmese military's coup against the democratically elected civilian government of Burma. In coordination with the issuance of a new Executive Order 14014, Blocking Property with Respect to the Situation in Burma, Treasury designated approximately ten individuals and three entities connected to the military apparatus responsible for the coup.

As part of a USG commitment to democracy, Treasury has also taken a number of actions aimed at promoting accountability for those who undermine trust in democratic institutions. This included designating 15 actors across Iran, Syria, and Uganda in connection with serious human rights abuse and repressive acts targeting innocent civilians, political opponents, and peaceful protestors. Treasury also issued three rounds of sanctions, including against the Cuban Ministry of Interior Officials and Military Unit, in connection with actions to suppress peaceful, pro-democratic protests in Cuba, and against Nicaraguan officials for supporting Ortega's efforts to undermine democracy, human rights, and the economy.

Following the Taliban's reemergence in Afghanistan, Treasury froze approximately $9 billion of Afghan government reserves held in U.S. bank accounts. Additionally, Treasury issued general licenses authorizing non-commercial personal remittances to the people of Afghanistan. This followed general licenses authorizing the continued flow of humanitarian assistance to the people of Afghanistan and other activities that support basic human needs. Treasury also designated the key financial facilitator for the Islamic State's Afghanistan Branch.

Additionally, as part of the USG's broader counter-ransomware strategy, Treasury took a set of actions focused on disrupting criminal networks and virtual currency exchanges responsible for laundering ransoms, encouraging improved cyber security across the private sector, and increasing incident and ransomware payment reporting to U.S. government agencies, including both Treasury and law enforcement.

Finally, Treasury took action against the Government of the Democratic People's Republic of Korea (DPRK) and the Workers' Party of Korea for the supply of unlawful forced labor to overseas markets used to generate income in contravention of United Nations sanctions. Treasury also targeted a Venezuelan oil sector sanctions evasion network, narco drug kingpin networks, and took joint action with Gulf nation partners against ISIS, Hizballah, and Iran's IRGC as part of the Terrorist Financing Targeting Center (TFTC).

Sanctions Review

In addition to our targeted actions, Treasury also began reviewing the authorities and processes surrounding financial sanctions to address emerging challenges. This resulted in a comprehensive sanctions review that provided key recommendations designed to promote a warranted, strategic, and judicious use of sanctions. The review found that while sanctions remain an essential and effective policy tool, they also face new challenges, including rising risks from cybercriminals, new payments systems, and the growing use of digital assets. The review also identified challenges in mitigating the impact of sanctions on the flow of legitimate humanitarian aid to those in need. Treasury will also modernize and strengthen internal Treasury, U.S. government, and international coordination and engagement on sanctions to enhance effectiveness.

Financial Transparency

Treasury leads the U.S. delegation to the Financial Action Task Force (FATF) and supports efforts to advance core work on virtual assets, beneficial ownership transparency, and illicit finance risks. The FATF approved for publication an updated version of its Guidance on a Risk-

Based Approach to Virtual Assets and Virtual Asset Service Providers proposed revisions to the FATF standard regarding beneficial ownership transparency for legal persons to improve the quality of beneficial ownership information available to law enforcement and other authorities in a timely manner, facilitate international cooperation, and improve transparency around public procurement to combat corruption. Under TFI direction, FinCEN also released a notice of proposed rulemaking requiring certain companies to report beneficial ownership data to Treasury with a view to preventing bad actors from concealing illicit funds behind anonymous shell companies.

Strengthening Cybersecurity
In addition to the variety of other cyber-related actions, Treasury partnered with both the private sector and USG partners to ensure that the domestic and global financial system is protected from abuse by malicious cyber actors. To this end, Treasury worked closely with representatives from financial institutions and federal financial regulators on cyber threats to the financial sector and collaborated with financial institution partners to disseminate firm-identified cyber threat information to USG partners. In addition, TFI assisted efforts in refining collection efforts specific to the threats against the financial services sector and helped decrease gaps in identification of victims of malicious cyber activity.

C – Changes in Performance Measures
Please note the following change for the measure concerning program's response time to de-confliction requests received from law enforcement:

Performance Measure or Indicator	Proposed Change and Justification
Respond to de-confliction requests received from law enforcement.	**Change** – This performance measure has been changed to: "Respond to de-confliction requests received from law enforcement within 7 days." A meaningful way of quantifying results for this performance measure is to record the percentage of de-confliction requests that TFI responds to within 7 days.

Additionally, with the publication of Treasury's Strategic Plan for FY 2022 – 2026, TFI will work this year to baseline performance against the new strategic objectives. This could result in changes to performance measures in the FY 2024 budget.

Section III – Additional Information

A – Summary of Capital Investments
A summary of capital investments, including major information technology and non-technology investments, can be accessed at:
https://www.treasury.gov/about/budget-performance/Pages/summary-of-capital-investments.aspx.

Department of the Treasury Committee on Foreign Investment in the United States Activities

Congressional Budget Justification and Annual Performance Plan and Report

FY 2023

Table of Contents

Section I – Budget Request

A – Mission Statement
Review certain transactions involving foreign investment in the United States and certain real estate transactions by foreign persons to determine the effect of such transactions on the national security of the United States and to address any identified national security risks.

B – Summary of the Request
The Committee on Foreign Investment in the United States (CFIUS) was established in 1975 under Executive Order 11858 to monitor the impact of foreign investment in the United States, and to coordinate and implement federal policy on such investment. CFIUS is composed of nine voting member agencies. The Committee's unique design leverages the skills, subject matter expertise, and integrated analysis of Committee members and other relevant agencies. CFIUS voting members include:

- Department of the Treasury
- Department of Commerce
- Department of Defense
- Department of Energy
- Department of Homeland Security
- Department of Justice
- Department of State
- Office of Science Technology and Policy
- Office of the United States Trade Representative

As both Chair and member of CFIUS, Treasury is responsible for leading CFIUS in establishing policies, implementing processes and functions, and managing its daily operations. Treasury participates in every aspect of CFIUS, including reviews and investigations, policy and international relations, mitigation monitoring and enforcement, non-notified transaction analysis, legal support, and national security threat assessments. The Office of International Affairs (IA) is responsible for case management and coordination and representing the Committee to parties that file notices or declarations. The Office of General Counsel (OGC) provides legal support to IA and is responsible for certain analyses conducted on each notice filed with CFIUS.

The Foreign Investment Risk Review Modernization Act of 2018 (FIRRMA) strengthened CFIUS to better address national security concerns arising from some types of investments and transactions that were previously outside its jurisdiction. Additionally, FIRRMA modernized Committee processes to better enable timely and effective reviews of covered transactions. FIRRMA also established the CFIUS Fund (the Fund), to be administered by the chairperson (the Secretary of the Treasury), to accept appropriated funds for these expanded responsibilities and functions, and to collect filing fees.

Case volume has increased significantly in recent years, from 172 notices formally reviewed in calendar year (CY) 2016 to 303 cases (comprised of 187 notices and 116 declarations) formally reviewed in CY 2020. The expanded jurisdiction authorized by FIRRMA took effect February 13, 2020. CY 2021 data is not yet publicly available, but case totals exceeded CY 2020. The FY 2023 Budget requests resources necessary to handle the increased case workload from

FY 2022 (including significantly expanded activity with respect to non-notified transactions), mitigation monitoring, and international engagement.

The Administration requests $20 million for the Fund in upfront appropriations that will be offset by up to $20 million in offsetting collections from filing fees, of which $15 million is proposed for transfer to Treasury Departmental Offices to fund capital investments and staff to support Committee activities. The remaining $5 million will be available for transfers to other CFIUS agencies to facilitate, for example, interagency connectivity with Treasury's information technology (IT) and case management systems, and to address other emerging needs.

1.1 – Appropriations Detail Table

Dollars in Thousands

Appropriated Resources	FY 2021 Operating Plan		FY 2022 Annualized CR		FY 2023 Request		FY 2022 to FY 2023 % Change	
New Appropriated Resources	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**
Treasury CFIUS Activities	0	$15,000	0	$15,000	0	$15,000	NA	0.0%
Other Member CFIUS Activities	0	$5,000	0	$5,000	0	$5,000	NA	0.0%
New Appropriated Resources – Member Agencies	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**
Treasury Departmental Offices S&E	0	$22,661	0	$22,494	0	$25,611	NA	13.9%
Subtotal New Appropriated Resources	**0**	**$42,661**	**0**	**$42,494**	**0**	**$45,611**	**NA**	**7.3%**
Other Resources								
Anticipated User Fees - CFIUS Fund	0	($20,000)	0	($20,000)	0	($20,000)	NA	0.0%
Subtotal Other Resources	**0**	**($20,000)**	**0**	**($20,000)**	**0**	**($20,000)**	**NA**	**0.0%**
Total Budgetary Resources	**0**	**22,661**	**0**	**$22,494**	**0**	**$25,611**	**NA**	**13.9%**

FY 2021 Other Resources and Full-time Equivalents (FTE) reflect actuals.

1.2.1 – CFIUS Fund Budget Adjustments Table

The total request for Treasury CFIUS activities is $40.963 million, with requested funding increases shown in the two Budget Adjustment tables below.

Dollars in Thousands

	FTE	Amount
FY 2022 Annualized CR	**0**	**$20,000**
Changes to Base:		
Maintaining Current Levels (MCLs):	0	$0
Non-Recurring Costs	0	$0
Subtotal Changes to Base	0	$0
FY 2023 Current Services	**0**	**$20,000**
Program Changes:		
Anticipated User Fees - CFIUS Fund	0	($20,000)
FY 2023 President's Budget Request	**0**	**$0**

1.2.2 – Departmental Offices Budget Adjustments Table
Dollars in Thousands

	FTE	Amount
FY 2022 Annualized CR	**110**	**$22,494**
Transfer in from CFIUS Fund		**$15,000**
FY 2022 DO SE CFIUS Base	**110**	**$37,494**
Changes to Base:		
Maintaining Current Levels (MCLs):	0	$923
Pay Annualization (2.7% average pay raise)	0	$143
Pay Raise (4.6% average pay raise)	0	$743
Non-Pay	0	$37
Non-Recurring Costs:	0	($1,674)
Non-recur to CFIUS investments	0	($1,674)
Subtotal Changes to Base	0	($751)
FY 2023 Current Services	**110**	**$36,743**
Program Changes:		
Reinvestments:	22	$3,868
Staffing to support CFIUS caseload growth	22	$3,868
Subtotal Program Changes	**22**	**$3,868**
FY 2023 President's Budget Request	**132**	**$40,611**

*Note: CFIUS Fund transfers to non-Treasury agencies of $5 million are not included in this table.
**Note: FTEs in the above include 1 FTE funded through reimbursable resources.

C – Budget Increases and Decreases Description
Anticipated User Fees – CFIUS Fund -$20,000,000 / -0 FTE
Treasury and IA anticipate collection of filing fees that will be credited to the Fund as offsetting collections.

Transfer in from CFIUS Fund +$15,000,000 / +0 FTE
The CFIUS Fund anticipates transferring $15.0 million dollars to the DO Salaries and Expenses account to provide for Treasury DO CFIUS activities.

Maintaining Current Levels (MCLs) ....+$923,000 / +0 FTE
Pay Annualization (2.7%) +$143,000 / +0 FTE
Funds are requested for annualization of the January 2022 2.7% average pay raise.

Pay Raise (4.6% in 2023) +$743,000 / +0 FTE
Funds are requested for a 4.6% average pay raise in January 2023.

Non-Pay +$37,000 / +0 FTE
Funds are requested for non-labor expenses such as travel, contracts, rent, supplies, and equipment.

Non-Recurring Costs ....-$1,674,000 / -0 FTE
Non-recur to CFIUS Investments -$1,674,000 / -0 FTE
Non-recurring costs for CFIUS associated with the baseline completion of CFIUS's case management system and configuration of secure spaces for new CFIUS staff.

Reinvestments ....+$3,868,000 / +22 FTE

Staffing to Support CFIUS Caseload Growth +$3,868,000 / +22 FTE

Increase in CFIUS staffing to continue in light of anticipated program growth.

1.3– Object Classification (Schedule O) Obligations

Dollars in Thousands

Object Classification	FY 2021 Actual Obligations	FY 2022 Estimated Obligations	FY 2023 Estimated Obligations
11.1 - Full-time permanent	0	0	0
11.9 - Personnel Compensation (Total)	**0**	**0**	**0**
12.0 - Personnel benefits	0	0	0
Total Personnel and Compensation Benefits	**$0**	**$0**	**$0**
94.0 - Financial Transfers	16,113	20,000	20,000
Total Non-Personnel	**$16,113**	**$20,000**	**$20,000**
Total Obligations	**$16,113**	**$20,000**	**$20,000**
Full-time Equivalents (FTE)	**0**	**0**	**0**

Amounts reflect obligations of annually appropriated resources, carryover balances, reimbursables, and transfers.
FTE levels are reflected in Departmental Offices Salaries and Expenses

D – Appropriations Language and Explanation of Changes

Appropriations Language	Explanation of Changes
DEPARTMENT OF THE TREASURY DEPARTMENTAL OFFICES COMMITTEE ON FOREIGN INVESTMENT IN THE UNITED STATES FUND *Federal Funds* (Including transfer of funds) *For necessary expenses of the Committee on Foreign Investment in the United States, $20,000,000, to remain available until expended: Provided, That the chairperson of the Committee may transfer such amounts to any department or agency represented on the Committee (including the Department of the Treasury) subject to advance notification to the Committees on Appropriations of the House of Representatives and the Senate: Provided further, That amounts so transferred shall remain available until expended for expenses of implementing section 721 of the Defense Production Act of 1950, as amended (50 U.S.C. 4565), and shall be available in addition to any other funds available to any department or agency: Provided further, That fees authorized by section 721(p) of such Act shall be credited to this appropriation as offsetting collections: Provided further, That the total amount appropriated under this heading from the general fund shall be reduced as such offsetting collections are received during fiscal year 2023, so as to result in a total appropriation from the general fund estimated at not more than $0.* Note.--A full-year 2022 appropriation for this account was not enacted at the time the budget was prepared; therefore, the budget assumes this account is operating under the Continuing Appropriations Act, 2022 (Division A of P.L. 117-43, as amended). The amounts included for 2022 reflect the annualized level provided by the continuing resolution.	

E – Legislative Proposals

CFIUS has no legislative proposals.

Section II – Annual Performance Plan and Report

A – Strategic Alignment

CFIUS supports the following strategic objectives for Strategic Goal 2, to Enhance National Security:

- Objective 2.1: Cyber Resiliency of Financial Systems and Institutions. Harden assets and systems of Treasury and the broader financial system to promote financial system resiliency
- Objective 2.2: Economic Measures to Advance National Security. Enhance and protect national security through the application of targeted financial measures and review of certain foreign investments.

This office supports the following strategic objectives for Strategic Goal 4, to Combat Climate Change:

- Objective 4.4: Sustainable Treasury Operations. Improve Treasury's overall environmental and energy sustainability and invest in Bureaus' adaptation and resiliency efforts to address climate change impacts on operations and services.

This office supports the following strategic objectives for Strategic Goal 5, to Modernize Treasury Operations:

- Objective 5.1: Recruit and Retain a Diverse and Inclusive Workforce. Recruit and retain a diverse workforce that represents communities that Treasury serves.
- Objective 5.2: Future Work Routines. Transform the Department's work routines to support changing mission and workforce needs.
- Objective 5.3: Better Use of Data. Increase timely access to and use of quality data and other types of evidence to inform decision-making.
- Objective 5.4: Customer Experience Practices. Mature and embed strong customer experience practices across the Department, establishing Treasury's reputation for consistently positive experiences.

B – Budget and Performance by Budget Activity
2.1.1 – Treasury CFIUS Activities Resources and Measures

Dollars in Thousands

Resource Level	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Annualized CR	FY 2023 Request
Treasury CFIUS Activities	0	0	0	$15,000	$15,000	$15,000	$15,000
Budget Activity Total	**0**	**0**	**0**	**$15,000**	**$15,000**	**$15,000**	**$15,000**
Full-time Equivalents (FTE)	**0**	**0**	**0**	**0**	**0**	**0**	**0**

Performance Measure	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2021 Target	FY 2022 Target	FY 2023 Target
Timely Review of CFIUS cases (%)	100	100	100	100	100	100	100	100

Key: DISC - Discontinued; B - Baseline

2.1.2 – Other Member CFIUS Activities Resources and Measures

Dollars in Thousands

Resource Level	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Annualized CR	FY 2023 Request
Other CFIUS Activities	0	0	0	$5,000	$1,113	$5,000	$5,000
Budget Activity Total	**0**	**0**	**0**	**$5,000**	**$1,113**	**$5,000**	**$5,000**
Full-time Equivalents (FTE)	**0**	**0**	**0**	**0**	**0**	**0**	**0**

Committee on Foreign Investment in the United States Budget and Performance
($20,000,000 from direct appropriations):
In FY 2021, Treasury CFIUS continued its growth to support requirements laid out in the Foreign Investment Risk Review Modernization Act of 2018 (FIRRMA). This includes continued investment in infrastructure necessary to support an increase in CFIUS's responsibilities, as well as additional staff to manage the workload growth. FY 2021 was the first full year that the CFIUS Fund was entirely fee funded.

Timely Review of CFIUS Cases: This measure tracks compliance with statutory deadlines for completing national security reviews of transactions notified to the CFIUS to ensure that the CFIUS process is timely and efficient. The target (100 percent) was met in CY 2021. IA's target for this measure in CY 2022 and CY 2023 is 100 percent.

C – Changes in Performance Measures
With the publication of Treasury's Strategic Plan for FY 2022 – 2026, CFIUS will work this year to baseline performance against the new strategic objectives. This could result in changes to performance measures in the FY 2024 budget.

Section III – Additional Information

A – Summary of Capital Investments
A summary of capital investment resources, including major information technology and non-technology investments related to CFIUS can be found with other DO IT investments at: https://home.treasury.gov/about/budget-financial-reporting-planning-and-performance/budget-requestannual-performance-plan-and-reports/summary-of-capital-investments

Department of the Treasury Treasury Coronavirus Relief, Response, Aid, and Recovery Programs

Congressional Budget Justification and Annual Performance Plan and Report

FY 2023

Table of Contents

Section I – Vision, Purpose and Context

A – Mission Statement

Continue to administer multiple relief and recovery programs authorized through the Families First Coronavirus Response Act (FFCRA), Coronavirus Aid, Relief, and Economic Security Act (CARES Act), Consolidated Appropriations Act, 2021, (CAA, 2021) and the American Rescue Plan Act (ARP). The responsibilities that have been assigned to the Treasury Department are central to the Administration's overall relief and recovery agenda. They offer unique opportunities to secure a robust, equitable recovery through tools including state and local aid, rental assistance to struggling tenants, help for homeowners facing foreclosure, and the provision of capital to communities that have traditionally been left behind.

In FY 2023, Treasury projects that the State and Local Fiscal Recovery Fund and the Emergency Rental Assistance Program will have at least a $35M administrative funding shortfall. To avoid shutting down these essential programs that provide direct relief to the American people, Treasury requests Administrative Funding Transfer Authority to ensure resources are effectively and efficiently utilized for a centralized and consistent approach to administering and managing the various coronavirus recovery and stabilization programs implemented. This proposal would not provide new funding (and thus would not have a budgetary "score") but would provide the flexibility to pay for certain programs out of previously appropriated administrative amounts.

Treasury Amounts in the U.S. Government's COVID-19 Response[1]

Dollars in Thousands

	FY 2020 Enacted Budget Authority	FY 2020 Obligations	FY 2021 Enacted Budget Authority	FY 2021 Obligations	FY 2022 Enacted Budget Authority	FY 2022 Estimated Obligations	FY 2023 Estimated Obligations[5]
	AMOUNT	AMOUNT	AMOUNT	AMOUNT	AMOUNT	AMOUNT	AMOUNT
Statute							
FFCRA	15,000	14,988	0	0	0	0	0
CARES Act	957,872,800	485,137,300	0	1,298,750	0	17,911	14,908
CAA, 2021[2]	0	0	(281,848,207)	185,164,793	0	14,750,091	1,763,183
ARP	0	0	827,883,900	671,822,609	0	154,043,143	1,533,980
IIJA[3]	0	0	0	0	(4,566,100)	0	0
Total[4]	**$957,887,800**	**$485,152,288**	**$546,035,693**	**$858,286,152**	**($4,566,100)**	**$168,811,145**	**$3,312,071**
FTE		11		88		285	242

[1]Enacted budget authority includes varying periods of availability depending on the program legislation; obligations are based on FY 2023 President's Budget estimates.

[2]Section 1003 of the CAA, 2021, rescinded unobligated balances from the CARES Act 2020 appropriation from the Economic Stabilization Program; the ultimate effect of Sec. 1003 rescinded $478.8B from this program.

[3]The Infrastructure Investment and Jobs Act (PL 117-58) Section 90007 rescinded $3B from the CARES Act Section 4120 budget authority and $200M from the P.L 116-260 Division N Sec. 411 budget authority in FY 2022 from the Payroll Support Program, Air Carrier Worker Support & Pandemic Relief for Aviation Workers and $1.4B from the CARES Act Section 4027 budget authority in FY 2022 from the Economic Stabilization Program.

[4]Obligations exclude Recovery Rebate Credits, Employer Refundable Credits, Child and Dependent Care Tax Credits, Advance Payments of Child Tax Credits, Child Tax Credits, and any effect of Earned Income Tax Credit Changes.

[5]As detailed in Section 123 of the proposed Treasury Administrative Provisions, Treasury is requesting administrative flexibility between the following COVID related programs; Transportation Services, Payroll Support Program, Air Carrier Worker Support & Pandemic Relief for Aviation Workers, Economic Stabilization Program, State and Local Fiscal Recovery Fund, Homeowner Assistance Fund and Emergency Rental Assistance. The FY 2023 obligations reflect the effect of this proposal.

B – Enacted Legislation

The coronavirus pandemic has had unprecedented, widespread impacts on the economy and caused significant disruptions to industries and families across America. In response to the onset of the COVID-19 pandemic in FY 2020, Congress passed the Families First Coronavirus Response Act (FFCRA) (P.L. 116-127) and the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) (P.L. 116-136). As the pandemic continued into FY 2021, Congress provided additional relief in the Consolidated Appropriations Act, 2021 (CAA, 2021) (P.L. 116-260), and passed the American Rescue Plan Act (ARP) (P.L. 117-2). The legislative intent and focus of the Department of the Treasury (Treasury) is to provide fast, effective and efficient direct economic assistance to American workers, families, small businesses, and industries.

The FFCRA was enacted on March 18, 2020. The FFCRA, amended by the COVID-related Tax Relief Act of 2020, and the ARP, provides small and midsize employers refundable tax credits that reimburse them, dollar-for-dollar, for the cost of providing paid sick and family leave wages to their employees for leave related to COVID-19. The FFCRA gives businesses with fewer than 500 employees funds to provide employees with paid sick and family and medical leave for reasons related to COVID-19, either for the employee's own health needs or to care for family members.

The CARES Act, enacted on March 27, 2020, created a variety of programs to address the COVID-19 pandemic. The CAA, 2021, enacted on December 27, 2020, created several new programs and maintained many of the CARES Act programs by adding new phases, new allocations, and new guidance.

The ARP continues many of the programs started by the CARES Act and CAA, 2021. The ARP also created a variety of new programs to address continuing pandemic-related crises, and fund recovery efforts as the United States begins to emerge from the pandemic.

In FY 2022, Congress enacted the Infrastructure Investment and Jobs Act (IIJA) (P.L. 117-58). Section 90007 of the IIJA rescinded $4.6 billion in funds from the CARES Act Section 4120 budget authority and the CAA, 2021 Division N Sec. 411 budget authority.

Treasury categorizes enacted COVID related programs into four categories: 1) assistance to taxpayers, which includes individuals and businesses, 2) assistance to American industry and small businesses, 3) assistance for state, local, U.S. territory and Tribal governments, and 4) access to capital for community development and small businesses. Treasury also received funding for program administration and oversight.

Treasury COVID-19 Budget Authority Overview[1]

Dollars in Thousands

	2020 Enacted FFCRA AMOUNT	2020 Enacted CARES Act AMOUNT	2021 Enacted CAA, 2021 AMOUNT	2021 Enacted ARP AMOUNT	2021 Enacted IIJA AMOUNT
Assistance to Taxpayers[2]					
Economic Impact Payments[3]	0	275,087,000	141,384,000	407,430,000	0
Assistance to Industry & Small Businesses					
Transportation Services	0	0	1,975,000	0	0
Payroll Support Program, Air Carrier Worker Support & Pandemic Relief for Aviation Workers[4]	0	31,900,000	16,000,000	14,990,000	(3,200,000)
Economic Stabilization Program[5]	0	499,870,000	(478,796,257)	0	(1,366,100)
Assistance for State, Local, U.S. Territory & Tribal Governments					
Coronavirus Relief Fund	0	150,000,000	0	362,000,000	0
Homeowner Assistance Fund	0	0	0	9,918,400	0
Emergency Rental Assistance	0	0	24,985,000	21,517,000	0
Access to Capital for Community Development and Small Businesses					
Community Development Financial Institutions Fund, Emergency Support	0	0	3,000,000	0	0
Emergency Capital Investment Program	0	0	8,747,431	0	0
State Small Business Credit Initiative (SSBCI)	0	0	0	9,800,000	0
COVID Program Administration & Oversight					
Bureau of the Fiscal Service (Fiscal Service)	0	30,100	48,550	23,200	0
IRS COVID Response (Admin.)	15,000	750,700	509,000	1,861,700	0
Departmental Offices, Office of Recovery Programs	0	200,000	292,569	330,000	0
Office of the Inspector General	0	35,000	6,500	5,600	0
Treasury Inspector General for Tax Administration	0	0	0	8,000	0
	$15,000	**$957,872,800**	**($281,848,207)**	**$827,883,900**	**($4,566,100)**

[1]Budget authority is based on enacted legislation; subsequent legislation extending existing authority increases the initial legislative authority. The table displays both mandatory and discretionary funding. Excludes Authority from Recovery Rebates, Employer Refundable Credits, Child and Dependent Care Tax Credits, Advance Payments of Child Tax Credits, Child Tax Credits, and any effect of Earned Income Tax Credit Changes.
[2]Mandatory funding; amounts will change as funds are needed and obligated; assistance to Taxpayers also includes some support for businesses.
[3]Excludes Recovery Rebate Credits associated with all Economic Impact Payments; In FY 2021, Recovery Rebate Budget Authority was $26,889M, of which, $23,403M was obligated; $3,462M is estimated to be obligated in FY 2022 and $24M in FY 2023.
[4]The Infrastructure Investment and Jobs Act (P.L.117-58) Section 90007 rescinded $3B from the CARES Act Section 4120 budget authority and $200M from the P.L 116-260 Division N Sec. 411 budget authority in FY 2022.
[5]Section 1003 of the CAA, 2021, rescinded unobligated balances from the CARES Act 2020 appropriation to the Economic Stabilization Program; the ultimate effect of Sec. 1003 rescinded $478.8B from this program. The IIJA, Section 90007, rescinded $1.4B from the CARES Act Section 4027 budget authority in FY 2022.

C – Strategic Approach

In response to enacted legislation, Treasury established the Office of Recovery Programs (ORP), managed by the Chief Recovery Officer, to lead the Department's implementation of various COVID-19 related programs. This office is principally focused on efficiently establishing and administering Treasury's programs to support an equitable and swift recovery from the economic challenges precipitated by the COVID-19 pandemic. Specifically, ORP contributes to two objectives in goal 1 (Equitable Economic Growth and Recovery) of Treasury's FY 2022-2026 Strategic Plan. ORP co-leads Objective 1.3, which focuses on promoting equitable financial recovery and growth through support and flow of capital to small businesses, households, and underserved communities, and contributes to Objective 1.4 by expanding fair and equitable access to homeownership and affordable rental opportunities.

The implementation of the recovery programs disbursed through the tax code, including Economic Impact Payments, the enhanced Child Tax Credit (CTC), and the CTC advance payments, will continue to be led by the Office of Tax Policy, the Internal Revenue Service, and the Bureau of Fiscal Service, in coordination with the Office of Recovery Programs.

ORP is building the office with the capacity to manage current and future recovery programs with a high degree of expertise, resiliency, and competence. Many of ORP's programs include long-term responsibilities requiring ongoing and effective change management practices to shepherd programs through each stage of the programmatic lifecycle. ORP and programmatic leadership are continually learning what is required to successfully implement these recovery programs. The matrix structure that ORP is developing is designed to promote knowledge sharing and nimbleness along with strong relationship-building with state, local, U.S. territories and tribal governments. ORP is investing in enhanced institutional capabilities that will support an integrated and reliable technical platform for payments and reporting, a recipient monitoring and remediation capacity, and grants management expertise.

Section II – Program Summary

A – Performance
COVID related programs support the following objectives in the Treasury FY 2022 – 2026 Strategic Plan:

- Objective 1.1 Tax Administration and Policy – direct payments to taxpayers (Economic Impact Payments and the Child Tax Credit)
- Objective 1.3 Economically Resilient Communities – relief to state, local, territorial, and Tribal governments (Coronavirus Relief Fund, State and Local Fiscal Recovery Fund); access to capital for households and businesses through Community Development Financial Institutions (CDFI) support, the Emergency Capital Investment Program, and the State Small Business Credit Initiative
- Objective 1.4 Resilient Housing Market – relief to homeowners and renters through the Homeowner Assistance Fund and Emergency Rental Assistance programs

Within the strategic plan, Treasury identified high-level desired outcomes for each of these objectives, as well as measures and indicators of success at the strategy level. Treasury is working to develop performance measures for ARP and CDFI programs, which will help the agency track progress towards the measures, indicators, and outcomes in the strategic plan. At the program level, Treasury is working to define success and identify datasets which, in addition to data provided through program reporting, can be used to measure whether programs are having the intended outcomes and impact and contributing to the outcomes in the strategic plan.

Treasury guidance is designed to encourage program participants to consider the statutory requirements of the programs while reducing burden and barriers to program access. Recipients and grantees are required to provide robust reporting on demographic and geographic distribution of funds, community engagement, and outcomes. Treasury will use the data reported by program participants and other relevant data to develop a comprehensive set of metrics for recovery programs, which will include measures of program outputs and outcomes as well as economic indicators to understand broader program outcomes. Additionally, Treasury is working to make data publicly available to enable program evaluations.

B – Assistance for Taxpayers
The Treasury Department, the Bureau of the Fiscal Service (Fiscal Service), and the Internal Revenue Service (IRS) have provided three rounds of fast and direct relief payments during the COVID-19 crisis.

<u>1.1 - Economic Impact Payments</u>
This account includes the 2020 and 2021 recovery rebate credits, including the advance Economic Impact Payments of those credits, enacted in Section 2201(a) of the CARES Act, Section 272(a) of the COVID-related Tax Relief Act of 2020, enacted in Subtitle B of Title II of Division N of the CAA, 2021, and Section 9601(a) of the ARP.

Economic Impact Payments[1]

Dollars in Thousands

	FY 2020 Enacted Budget Authority	FY 2020 Obligations	FY 2021 Enacted Budget Authority	FY 2021 Obligations	FY 2022 Enacted Budget Authority	FY 2022 Estimated Obligations	FY 2023 Estimated Obligations
	AMOUNT	AMOUNT	AMOUNT	AMOUNT	AMOUNT	AMOUNT	AMOUNT
Statute							
CARES Act	275,087,000	274,654,000	0	433,000	0	0	0
CAA, 2021	0	0	141,384,000	141,369,000	0	15,000	0
ARP	0	0	407,430,000	404,303,000	0	3,127,000	0
Total	**$275,087,000**	**$274,654,000**	**$548,814,000**	**$546,105,000**	**$0**	**$3,142,000**	**$0**

[1]Excludes Recovery Rebate Credits associated with all Economic Impact Payments; In FY 2021, Recovery Rebate Budget Authority was $26,889M, of which, $23,403M was obligated; $3,462M is estimated to be obligated in FY 2022 and $24M in FY 2023.

1.2 - Employer Refundable Credits

Employee Retention Credit: Section 2301 of the CARES Act created the employee retention credit, a refundable tax credit against certain employment taxes equal to 50 percent of the qualified wages certain businesses and tax-exempt employers pay to employees (up to $10,000 per employee) after March 12, 2020, and before January 1, 2021. Eligible employers could get immediate access to the credit by reducing employment tax deposits they were otherwise required to make and by requesting an advance of the credit.

Section 206 of the Taxpayer Certainty and Disaster Tax Relief Act of 2020, enacted as Division EE of the CAA, 2021, amended and made technical changes to section 2301 of the CARES Act retroactive to the section 2301's original effective date including permitting an employer that received a Paycheck Protection Program (PPP) loan to be eligible to claim an employee retention credit under section 2301, provided the wages reported in support of the forgiveness of the PPP loan are not the same wages for which the credit is claimed.

Section 207 of the Taxpayer Certainty and Disaster Tax Relief Act of 2020 extended the employee retention credit to qualified wages paid after December 31, 2020 and before July 1, 2021; increased the maximum credit amount that may be claimed per employee (making it equal to 70 percent of $10,000 of qualified wages paid to an employee per calendar quarter); limited eligibility for and amount of the credit advance; and expanded the category of employers that may be entitled to claim the credit, among other technical amendments.

Section 9651 of the ARP enacted section 3134 of the Internal Revenue Code of 1986, which extended the availability of the employee retention credit to wages paid after June 30, 2021, and before January 1, 2022. Section 3134 generally maintained the structure of the employee retention credit as provided under section 2301 of the CARES Act, as amended, with certain changes.

Employers in a U.S. Territory that otherwise qualify for the employee retention credit can claim the credit. Payments of wages by employers in U.S. Territories are wages within the meaning of section 3121(a) and therefore employers eligible to claim the credit include employers in the U.S. Territories that pay qualified wages and otherwise meet the requirements for the credit.

Section 80604 of the IIJA amended Code section 3134 to provide that the employee retention credit under section 3134 shall apply only to wages paid after June 30, 2021, and before October 1, 2021 (or, in the case of wages paid by an eligible employer which is a recovery startup business, January 1, 2022).

Paid Leave Credits: Sections 7001 and 7003 of Division G of the FFCRA created refundable tax credits against certain employment taxes for small and midsize employers to reimburse them for the cost of providing required paid sick and family leave wages to their employees for leave related to COVID-19 as set forth under Division E, the Emergency Paid Sick Leave Act (EPSLA) and Division C, the Emergency Family and Medical Leave Expansion Act (Expanded FMLA) of the FFCRA. Sections 7002 and 7004 of the FFCRA created similar credits for certain self-employed persons in similar COVID-related circumstances. An employer is eligible for credits for qualified sick leave wages up to $511 per day and $5,110 in the aggregate (for up to 10 days of leave) and up to $200 per day and $10,000 in the aggregate (for up to 10 weeks of leave) for qualifying COVID-related leave reasons. Eligible employers could get immediate access to the credit by reducing employment tax deposits they are otherwise required to make and by requesting an advance of the credit. The requirement to provide leave under the EPSLA and Expanded FMLA expired on December 31, 2020, but the credits for paid leave that otherwise would have satisfied the requirements under the EPSLA and Expanded FMLA were later extended through September 30, 2021.

Sections 286, 287 and 288 of the COVID-related Tax Relief Act of 2020, enacted under Division N of the CAA, 2021, extended the credits for periods of leave from January 1, 2021, through March 31, 2021, and made certain technical improvements to the FFCRA credit provisions.

Section 9641 of the ARP enacted sections 3131, 3132, and 3133 of the Code to extend the credits through the period from April 1, 2021 through September 30, 2021; expand the category of employers eligible for the credit; reset the limitations on the amount of qualified wages that may be taken into account for purposes of the credits (and increased the aggregate cap for paid family leave wages from $10,000 to $12,000); expand the category of qualifying reasons for paid leave wages eligible for the credits (including leave to receive and recover from a COVID-19 vaccine), and make other technical amendments. (Sections 9642 and 9643 of the ARP amended and extended the equivalent tax credits for certain self-employed individuals for April 1, 2021, through September 30, 2021.)

Employers in a U.S. Territory that otherwise qualify for the paid leave credits can claim the credit. Payments of wages by employers in U.S. Territories are wages within the meaning of section 3121(a) and therefore employers eligible to claim the credit include employers in the U.S. Territories that pay qualified wages and otherwise meet the requirements for the credit.

COBRA Credit: Section 9501 of the ARP required certain employers to offer free Consolidated Omnibus Budget Reconciliation Act (COBRA) coverage to certain qualified individuals for periods of coverage from April 1, 2021, through September 30, 2021. The ARP provided tax credits to employers to offset the cost of the COBRA coverage. The ARP provision subsidized 100 percent of COBRA premiums for six months for individuals who lost employment involuntarily or had reduced hours.

1.3 - Child and Dependent Care Tax Credits, Advance Payments of Child Tax Credit, Child Tax Credit, and Earned Income Tax Credit Changes

Section 9631(a) of the ARP amended Section 21 of the Internal Revenue Code (Code) to provide special rules for the Child and Dependent Care Tax Credit (CDCTC) solely for Tax Year 2021. Specifically, the ARP made the CDCTC fully refundable. In addition, the maximum credit rate of the CDCTC increased from 35 percent to 50 percent. The amount of expenses that are eligible for the CDCTC was increased from $3,000 to $8,000 for one qualifying dependent (from $6,000 to $16,000 for two or more qualifying dependents). The ARP increased the phase-out threshold of the CDCTC from $15,000 of AGI to $125,000. The credit rate is phased down, but not below 20 percent, by 1 percentage point for each $2,000 (or fraction thereof) by which the taxpayer's adjusted gross income (AGI) exceeds this threshold. The ARP further phased down the credit rate of 20 percent by 1 percentage point for each $2,000 (or fraction thereof) by which the taxpayer's AGI exceeds $400,000. Section 9631(b) of the ARP amended Section 21 of the Code to authorize payments to U.S. territories with mirror code tax systems and to U.S. territories with non-mirror code tax systems.

Section 9632(a) of the ARP amended Section 129(a)(2) of the Code to increase, for Tax Year 2021 only, the maximum amount of employer-provided dependent care assistance that may be excluded from gross income. This increase doubles the generally applicable amounts that is, $5,000 (or $2,500 in the case of a married individual filing a separate return) such that an eligible employee for Tax Year 2021 can receive an exclusion of $10,500 (or $5,250 in the case of a married individual filing a separate return).

Sections 9611 and 9612 of the ARP amended the Internal Revenue Code (Code) to modify the CTC generally for 2021 only. Section 9611 of the ARP amended Section 24 of the Code to make the entire amount of the CTC refundable and extended the CTC to cover qualifying children 17 years old and younger. The legislation also increased the amount of the CTC from $2,000 to $3,600 for qualifying children under age 6, and $3,000 for other qualifying children under age 18. The amount of this increase in the CTC (that is, $1,600 in the case of qualifying children under age 6 and $1,000 in the case of other qualifying children under age 18) is reduced by $50 for each $1,000 (or fraction thereof) by which the taxpayer's modified adjusted gross income exceeds certain thresholds. These thresholds are (i) $150,000 for joint filers and surviving spouses, (ii) $112,500 for heads of household, and (iii) $75,000 in all other cases. In addition, the ARP amended the Code to require advance payments of the CTC to be made periodically throughout 2021, beginning after July 1, based on the taxpayer's 2020 or 2019 tax returns, in an aggregate amount equal to 50 percent of the estimated amount of the taxpayer's refundable CTC. Section 9612 of the ARP amended Section 24 of the Code to remove the requirement for bona fide residents of Puerto Rico to have three qualifying children to claim the CTC. For 2021 and years thereafter, bona fide residents of Puerto Rico need only one qualifying child to claim the CTC. In addition, section 9612 of the ARP amended Section 24 of the Code to provide that certain residents of American Samoa, the Commonwealth of the Northern Mariana Islands, Guam, or the U.S. Virgin Islands, may have been eligible to receive from their territory tax agency advance Child Tax Credit payments under the expanded, refundable CTC for 2021.

Sections 9621 through 9626 of the ARP modified the EITC. For Tax Year 2021 only, the ARP, generally, (i) reduced from 25 to 19 the general minimum age to claim the EITC with no qualifying children (Childless EITC); (ii) eliminated the upper-age limit for the Childless EITC; (iii) increased the credit amount and the phaseout percentages for the Childless EITC; and (iv) allowed individuals to use their earned income from Tax Year 2019 instead of their earned income from Tax Year 2021, if earned income from Tax Year 2021 is less, for purposes of calculating the EITC for Tax Year 2021. The ARP also permanently modified the rules, beginning in 2021, regarding (i) children who fail to meet certain identification requirements, (ii) separated spouses, (iii) the disqualified investment income test, and (iv) the application of the EITC to the U.S. territories.

C – Assistance to American Industry & Small Businesses
The COVID-19 public health crisis and resulting economic crisis have put many sectors of the American economy under unprecedented strain. The Treasury Department is offering financial support to American industry so they can better support American workers and play a pivotal part in driving the national recovery effort.

The pandemic has also created a variety of challenges for small, micro, and solo businesses in communities across the country. Treasury is also providing critical assistance to small businesses across the country, facilitating the urgent deployment of capital and support to help these organizations not just persevere, but recover on solid footing.

1.1 - Transportation Services
The CCA, 2021, Section 421, authorized the Secretary of the Treasury, in consultation with the Secretary of Transportation, to make grants available to eligible providers of transportation services that suffered revenue loss due to the coronavirus pandemic. Eligible companies provided charter, local, commuter, school, and tour bus services. Eligible small passenger vessels (as defined in 46 U.S.C 85, 116, and 2101) and the pilotage industry were also included.

Transportation Services
Dollars in Thousands

	FY 2020 Enacted Budget Authority	FY 2020 Obligations	FY 2021 Enacted Budget Authority[1]	FY 2021 Obligations	FY 2022 Enacted Budget Authority	FY 2022 Estimated Obligations	FY 2023 Estimated Obligations
	AMOUNT	AMOUNT	AMOUNT	AMOUNT	AMOUNT	AMOUNT	AMOUNT
Statute							
CAA, 2021	0	0	1,975,000	1,290,525	0	684,475	0
Total	**$0**	**$0**	**$1,975,000**	**$1,290,525**	**$0**	**$684,475**	**$0**

[1]Funds available until expended; excludes $25M designated for administrative expenses.

1.2 - Payroll Support Program, Air Carrier Worker Support & Pandemic Relief for Aviation Workers
The CARES Act Section 4112, CAA, 2021 Division N Section 402, and the ARP Section 7301 each authorized the Secretary of the Treasury to provide financial assistance to the aviation industry for the continued payment of employee wages, salaries, and benefits. The CARES Act provided for financial assistance to passenger air carriers, cargo air carriers, and airline contractors. The two subsequent laws provided for additional financial assistance only for passenger air carriers and airline contractors.
The IIJA Section 90007 rescinded $3 billion from CARES Act Section 4120 budget authority, which corresponded with a lack of demand for the program among cargo airlines, as well as

$200 million from the CAA, 2021 Division N Sec. 411 budget authority.

Payroll Support Program, Air Carrier Worker Support & Pandemic Relief for Aviation Workers

Dollars in Thousands

	FY 2020 Enacted Budget Authority	FY 2020 Obligations	FY 2021 Enacted Budget Authority	FY 2021 Obligations	FY 2022 Enacted Budget Authority	FY 2022 Estimated Obligations	FY 2023 Estimated Obligations
	AMOUNT	AMOUNT	AMOUNT	AMOUNT	AMOUNT	AMOUNT	AMOUNT
Statute							
CARES Act[1]	31,900,000	28,199,000	0	478,126	0	(1,345)	0
CAA, 2021	0	0	16,000,000	15,683,351	0	1,335	0
ARP[2]	0	0	14,990,000	14,669,058	0	5,632	0
IIJA[3]	0	0	0	0	(3,200,000)	0	0
Total	**$31,900,000**	**$28,199,000**	**$30,990,000**	**$30,830,535**	**($3,200,000)**	**$5,622**	**$0**

[1]Excludes $100M designated for administrative expenses; $44.879M in recoveries recorded in FY 2021

[2]Funds available until expended; excludes $10M designated for administrative expenses

[3]The Infrastructure Investment and Jobs Act (P.L.117-58) Section 90007 rescinded $3B from the CARES Act Section 4120 budget authority and $200M from the P.L 116-260 Division N Sec. 411 budget authority in FY 2022.

1.3 - Economic Stabilization Program

The CARES Act authorized the Department of the Treasury to make up to $500 billion in loans and other investments in support of and to provide liquidity to eligible businesses, nonprofits, states, and municipalities impacted by the COVID-19 pandemic. This included investments in facilities established by the Board of Governors of the Federal Reserve System pursuant to Section 13(3) of the Federal Reserve Act to provide liquidity to the financial system. The CARES Act also authorized Treasury to use up to $46 billion of these funds to make loans to passenger and cargo air carriers, certain other aviation businesses, and businesses critical to maintaining national security. As required by the Federal Credit Reform Act of 1990, as amended, this account records the subsidy costs associated with these loans and investments, which are estimated on a present value basis.

The CAA, 2021 Section 1003 rescinded $479 billion in budget authority from this program in 2021 and the IIJA Section 90007 further rescinded $1.4 billion in 2022.

Economic Stabilization Program

Dollars in Thousands

	FY 2020 Enacted Budget Authority[1]	FY 2020 Obligations	FY 2021 Enacted Budget Authority[2]	FY 2021 Obligations[3]	FY 2022 Enacted Budget Authority[4]	FY 2022 Estimated Obligations	FY 2023 Estimated Obligations
	AMOUNT	AMOUNT	AMOUNT	AMOUNT	AMOUNT	AMOUNT	AMOUNT
Statute							
CARES Act	499,870,000	31,823,000	0	0	0	0	0
CAA, 2021	0	0	(478,796,257)	0	0	0	0
IIJA	0	0	0	0	(1,366,100)	0	0
Total	**$499,870,000**	**$31,823,000**	**($478,796,257)**	**$0**	**($1,366,100)**	**$0**	**$0**

[1]$25M transferred to SIGPR; excludes $100M for administrative expenses available until expended, excludes $5M designated for Congressional Oversight Commission reimbursement; subsidy and re-estimates not included.

[2]Prior year obligations were recovered before the January 9, 2021, recission deadline.

[3]Excludes $12.3M in recoveries of prior year obligations.

[4]Section 1003 of the CAA, 2021, rescinded unobligated balances from the CARES Act 2020 appropriation to the Economic Stabilization Program; the ultimate effect of Sec. 1003 rescinded $478.8B from this program. The IIJA, Section 90007, rescinded $1.4B from the CARES Act Section 4027 budget authority in FY 2022.

D – Assistance for State, Local, U.S. Territory & Tribal Governments
The COVID-19 public health crisis and resulting economic crisis have put state, local, U.S. territory and Tribal governments under unprecedented strain. The Treasury Department is providing needed relief to enable them to continue to support the public health response and lay the foundation for a strong and equitable economic recovery.

1.1 - Coronavirus Relief Fund
The CARES Act Section 5001, as amended by the CAA, 2021, Section 1001, and ARP Section 9901 amended the Social Security Act (42 U.S.C. 301 et seq.) to authorize the Secretary of the Treasury to make payments to states, territories, tribal governments, and units of local government to assist with expenditures related to, as well as to mitigate the fiscal effects stemming from, the coronavirus pandemic.

In addition, the ARP established the State and Local Fiscal Recovery Fund, the Coronavirus Capital Projects Fund, and a Local Assistance and Tribal Consistency Fund. The Coronavirus Capital Projects Fund provides payments to states, territories, and tribal governments to carry out critical capital projects, including broadband infrastructure, directly enabling work, education, and health monitoring, including remote options, in response to the coronavirus pandemic. The Local Assistance and Tribal Consistency Fund provides payments to eligible revenue sharing counties and eligible tribal governments for any governmental purpose other than lobbying activity.

Coronavirus Relief Fund
Dollars in Thousands

	FY 2020 Enacted Budget Authority	FY 2020 Obligations	FY 2021 Enacted Budget Authority[1]	FY 2021 Obligations	FY 2022 Enacted Budget Authority	FY 2022 Estimated Obligations	FY 2023 Estimated Obligations
	AMOUNT	**AMOUNT**	**AMOUNT**	**AMOUNT**	**AMOUNT**	**AMOUNT**	**AMOUNT**
Statute							
CARES Act	150,000,000	150,000,000	0	0	0	0	0
ARP	0	0	362,000,000	242,933,748	0	118,066,252	1,000,000
Total	**$150,000,000**	**$150,000,000**	**$362,000,000**	**$242,933,748**	**$0**	**$118,066,252**	**$1,000,000**

[1]$2B available through 2023, $350B available through 2025 and $10B available until expended; excludes $50M designated for administrative expenses.

1.2 - Homeowner Assistance Fund
The APR, Section 3206, established the Homeowner Assistance Fund to mitigate financial hardships associated with the coronavirus pandemic by providing funds to states, territories, tribes, and other eligible entities in order to prevent homeowner mortgage delinquencies, defaults, foreclosures, loss of utilities or home energy services, displacements, and post-foreclosure evictions.

Homeowner Assistance Fund

Dollars in Thousands

	FY 2020 Enacted Budget Authority	FY 2020 Obligations	FY 2021 Enacted Budget Authority[1]	FY 2021 Obligations	FY 2022 Enacted Budget Authority	FY 2022 Estimated Obligations	FY 2023 Estimated Obligations
	AMOUNT	AMOUNT	AMOUNT	AMOUNT	AMOUNT	AMOUNT	AMOUNT
Statute							
ARP	0	0	9,918,400	965,459	0	8,952,941	0
Total	**$0**	**$0**	**$9,918,400**	**$965,459**	**$0**	**$8,952,941**	**$0**

[1]Funds available through FY 2025; excludes $2.6M transferred to the Treasury Office of Inspector General (OIG) for oversight activities and $40M designated for administrative expenses.

1.3 - Emergency Rental Assistance

The CAA, 2021 Division N Section 501 established the Emergency Rental Assistance program to provide grants to states, territories, tribes, localities, and other eligible entities to provide financial assistance and housing stability services to eligible households. These services may include the payment of rent, rental arrears, and utilities and home energy costs for a specified period of time. The ARP Section 3201 provided for additional assistance and expanded housing stability services, in addition to allocating a subset of the funds specifically for high-need grantees in FY 2022 and FY 2023.

Emergency Rental Assistance

Dollars in Thousands

	FY 2020 Enacted Budget Authority	FY 2020 Obligations	FY 2021 Enacted Budget Authority	FY 2021 Obligations	FY 2022 Enacted Budget Authority	FY 2022 Estimated Obligations[3]	FY 2023 Estimated Obligations
	AMOUNT	AMOUNT	AMOUNT	AMOUNT	AMOUNT	AMOUNT	AMOUNT
Statute							
CAA, 2021[1]	0	0	24,985,000	24,985,000	0	5,254,323	0
ARP[2]	0	0	21,517,000	8,460,191	0	13,056,809	0
Total	**$0**	**$0**	**$46,502,000**	**$33,445,191**	**$0**	**$18,311,132**	**$0**

[1]One-year funding, excludes $15M designated for administrative expenses.
[2]Funds available through FY 2027; $3M transferred to OIG; excludes $30M designated for administrative expenses.
[3]In FY 2022, ERA under CAA, 2021, recovered $5.3M in prior year obligations.

E – Access to Capital for Community Development and Small Businesses

1.1 - Community Development Financial Institutions Fund, Emergency Support

The CAA, 2021, provided $3 billion to deliver immediate assistance to CDFIs in communities impacted by the COVID-19 pandemic. In the spring of 2021, the CDFI Fund awarded $1.25 billion of these funds through its newly established CDFI Rapid Response Program (CDFI RRP), which was designed to quickly deploy capital to CDFIs through a streamlined application and review process.

The CDFI Fund will begin the process of making $1.75 billion in grant funds available to eligible CDFIs to expand their lending, grant making, or investment activity in low- or moderate-income minority communities and to minorities that have significant unmet capital or financial service needs.

CDFI Emergency Support

Dollars in Thousands

	FY 2020 Enacted Budget Authority	FY 2020 Obligations	FY 2021 Enacted Budget Authority[1]	FY 2021 Obligations	FY 2022 Enacted Budget Authority	FY 2022 Estimated Obligations	FY 2023 Estimated Obligations
	AMOUNT	AMOUNT	AMOUNT	AMOUNT	AMOUNT	AMOUNT	AMOUNT
Statute							
CAA, 2021	0	0	3,000,000	1,248,000	0	3,000	1,742,000
Total	**$0**	**$0**	**$3,000,000**	**$1,248,000**	**$0**	**$3,000**	**$1,742,000**
Total FTE		0		3		12	12

[1]$1.75B Funds available until expended

1.2 - Emergency Capital Investment Program

The Emergency Capital Investment Program (ECIP) invests in either perpetual preferred equity or subordinated debt (with a maturity of fifteen or thirty years) issued by financial institutions consistent with ECIP's terms. Institutions eligible to participate must be: 1) Community Development Financial Institutions or Minority Depository Institutions; 2) insured depository institutions, bank or savings and loan holding companies, or federally insured credit unions; and 3) supportive of low-and middle-income communities. Dividend yields or interest paid on ECIP securities decrease when institutions reach lending goals established at the time of their participation. Division N, Section 522 of the CAA, 2021 established ECIP by amending the Community Development Banking and Financial Institutions Act of 1994 (12 U.S.C. 4701 et seq.) and provided $9 billion for the program. Treasury issued an interim final rule for ECIP on March 9, 2021, and on March 22, 2021, the Board of Governors of the Federal Reserve System (FRB), Federal Deposit Insurance Corporation (FDIC) and the Office of the Comptroller of the Currency (OCC) jointly issued an interim final rule for securities issued under ECIP, providing that preferred stock issued qualifies as additional tier 1 capital and subordinated debt qualifies as tier 2 capital under the FRB/FDIC/OCC capital rule.

The ECIP application period closed on September 1, 2021, and preliminary recipients were announced in December 2021.

Emergency Capital Investment Program

Dollars in Thousands

	FY 2020 Enacted Budget Authority	FY 2020 Obligations	FY 2021 Enacted Budget Authority[1]	FY 2021 Obligations	FY 2022 Enacted Budget Authority	FY 2022 Estimated Obligations	FY 2023 Estimated Obligations
	AMOUNT	AMOUNT	AMOUNT	AMOUNT	AMOUNT	AMOUNT	AMOUNT
Statute							
CAA, 2021	0	0	8,747,431	0	0	8,747,431	0
Total	**$0**	**$0**	**$8,747,431**	**$0**	**$0**	**$8,747,431**	**$0**

[1]Funds available until expended; excludes $252.569M designated for administrative expenses.

1.3 - State Small Business Credit Initiative

The ARP Section 3301, amends the State Small Business Credit Initiative Act of 2010 (12 U.S.C. 4701 et seq.) and provides additional funding for the State Small Business Credit Initiative (SSBCI) that was originally established in the Small Business Jobs Act of 2010 (P.L. 111-240). SSBCI funds eligible state, territorial and tribal government programs through

September 29, 2030, which provide support to investment and credit programs for small businesses, with particular emphasis on business enterprises owned and controlled by socially and economically disadvantaged individuals. Additionally, SSBCI funds technical assistance for small businesses applying for Federal and State support programs.

State Small Business Credit Initiative

Dollars in Thousands

	FY 2020 Enacted Budget Authority	FY 2020 Obligations	FY 2021 Enacted Budget Authority[1]	FY 2021 Obligations	FY 2022 Enacted Budget Authority	FY 2022 Estimated Obligations	FY 2023 Estimated Obligations
	AMOUNT	**AMOUNT**	**AMOUNT**	**AMOUNT**	**AMOUNT**	**AMOUNT**	**AMOUNT**
Statute							
ARP	0	0	9,800,000	0	0	9,800,000	0
Total	**$0**	**$0**	**$9,800,000**	**$0**	**$0**	**$9,800,000**	**$0**

[1]Funds available until expended; excludes, designated, but not limited to, $200M for administrative expenses.

F – COVID Program Administration and Oversight

1.1 - Bureau of the Fiscal Service

The CARES Act provided the Fiscal Service $78.65 million in supplemental appropriations for the implementation of the Economic Impact Payments (EIP) as well as the implementation of reporting requirements associated with spending of COVID-19 supplemental appropriations. In the first round of EIPs, Fiscal Service issued more than 166 million EIPs totaling more than $277 billion. The CAA, 2021 authorized a second round of EIPs and allowed for the transfer up to $63 million of the $78.65 million appropriated under the CARES Act to offset any losses attributable to debt collection activities. Fiscal Service transferred $48.6 million to the Debt Collection Fund for this purpose.

During FY 2021, Fiscal Service disbursed more than 428 million EIP 2, EIP3, and advance monthly CTC payments totaling $593 billion, of which 80% were disbursed electronically. In the first quarter of FY 2022, Fiscal Service also disbursed more than 110 million EIPs and advance CTCs totaling $51 billion, of which 86% of these were disbursed electronically. IRS and Fiscal Service partnered to convert 70.2 million payments from check to direct deposit with a 99.6% accuracy rate, through the use of Fiscal Service's Account Verification Service and Cross-Government Data Analytics, avoiding $33 million in check production costs (check stock, envelope, and postage costs). Conversion from check to direct deposit provides an inherently improved customer experience through faster, safer, and more accurate payment delivery. This is especially notable, as historically, check payments are 16 times more likely to have exceptions (e.g., lost, stolen, returned, etc.) than payments made via direct deposit. In addition to the funds appropriated by the CARES Act, the CAA, 2021, and the ARP, the IRS reimburses Fiscal Service for the cost of postage (see 31 U.S.C. 306 note) associated with EIPs and CTCs.

Bureau of the Fiscal Service

Dollars in Thousands

	FY 2020 Enacted Budget Authority[1]	FY 2020 Obligations	FY 2021 Enacted Budget Authority[1]	FY 2021 Obligations	FY 2022 Enacted Budget Authority	FY 2022 Estimated Obligations	FY 2023 Estimated Obligations
	AMOUNT	AMOUNT	AMOUNT	AMOUNT	AMOUNT	AMOUNT	AMOUNT
Statute							
CARES Act[2,3]	78,650	11,784	0	18,230	0	0	0
ARP[4]	0	0	23,200	4,758	0	16,597	0
Total[5]	**$78,650**	**$11,784**	**$23,200**	**$22,988**	**$0**	**$16,597**	**$0**

[1]CARES Act funding was available until September 30, 2021.
[2]FY 2020 includes deobligations that occurred during FY 2021.
[3]The CAA, 2021, authorized the transfer of up to $63M to offset the losses resulting from the suspension of debt collection receipts during the coronavirus pandemic. Fiscal Service transferred $48.55M to the Debt Collection Fund. The funds were fully obligated in FY 2021.
[4]ARP funding is available until September 30, 2022.
[5]Total excludes reimbursed postage cost from the IRS (31 U.S.C. 306); In FY 2020 and FY 2021, IRS reimbursed Fiscal Service $16.0M and $33.8M for postage cost, respectively. In FY 2022, Fiscal Service is estimating the postage cost to be $6.3M.

1.2 - Internal Revenue Service COVID Response (Admin.)

The IRS received $15 million in the FFCRA and $750.7 million in the CARES Act for the resources for the IRS to change its operations to operate during the pandemic and implement EIPs and other tax changes. The IRS received an additional $509 million in the CAA, 2021 to carry out a second round of EIPs and address COVID-related tax administration issues. Finally, the IRS received $1.465 billion in the ARP for a third round of EIPs and information technology modernization as well as $397.2 million to carry out advance payments for the CTC.

IRS COVID Response (Admin.)[1]

Dollars in Thousands

	FY 2020 Enacted Budget Authority	FY 2020 Obligations	FY 2021 Enacted Budget Authority	FY 2021 Obligations	FY 2022 Enacted Budget Authority	FY 2022 Estimated Obligations	FY 2023 Estimated Obligations
	AMOUNT	AMOUNT	AMOUNT	AMOUNT	AMOUNT	AMOUNT	AMOUNT
Statute							
FFCRA	15,000	14,988	0	0	0	0	0
CARES Act	750,700	423,516	0	326,604	0	0	0
CAA, 2021	0	0	509,000	502,125	0	0	0
ARP[2]	0	0	1,861,700	453,225	0	1,031,086	377,389
Total	**$765,700**	**$438,504**	**$2,370,700**	**$1,281,954**	**$0**	**$1,031,086**	**$377,389**

[1]Includes funds for Taxpayer Services, Enforcement, Operations Support and Systems Modernization with multiple periods of availability.
[2]Obligations are based on estimates as of the time of the FY 2023 Budget; assumes funding will be fully obligated by the end of FY 2023.

1.3 - Departmental Offices, Office of Recovery Programs

The Office of Recovery Programs, within the Departmental Offices, provides administrative support to the following programs: Transportation Services, Payroll Support Program, Air Carrier Worker Support & Pandemic Relief for Aviation Workers, Economic Stabilization Program, Coronavirus Relief Fund, Homeowner Assistance Fund, Emergency Rental Assistance, Emergency Capital Investment Program and State Small Business Credit Initiative.

In FY 2023, Treasury projects that the State and Local Fiscal Recovery Funds and the Emergency Rental Assistance Program will have at least a $35M administrative funding shortfall. To avoid shutting down these essential programs that provide direct relief to the

American people, Treasury requests Administrative Funding Transfer Authority to ensure resources are effectively and efficiently utilized for a centralized and consistent approach to administering and managing the various coronavirus recovery and stabilization programs implemented (refer to Section III). This proposal would not provide new funding (and thus would not have a budgetary "score") but would provide the flexibility to pay for certain programs out of previously appropriated administrative amounts.

Departmental Offices, Office of Recovery Programs

Dollars in Thousands

	FY 2020 Enacted Budget Authority[1]	FY 2020 Obligations	FY 2021 Enacted Budget Authority	FY 2021 Obligations	FY 2022 Enacted Budget Authority	FY 2022 Estimated Obligations	FY 2023 Estimated Obligations[5]
	AMOUNT	**AMOUNT**	**AMOUNT**	**AMOUNT**	**AMOUNT**	**AMOUNT**	**AMOUNT**
Statute							
FFCRA	0	0	0	0	0	0	0
CARES Act[1]	200,000	24,000	0	34,790	0	10,256	5,908
CAA, 2021[2]	0	0	292,569	37,690	0	43,527	20,183
ARP[3]	0	0	330,000	30,642	0	78,892	55,904
IIJA	0	0	0	0	0	0	0
Total[4]	**$200,000**	**$24,000**	**$622,569**	**$103,122**	**$0**	**$132,675**	**$81,995**

[1]$100M for administrative expenses related to Payroll Support Program, Air Carrier Worker Support & Pandemic Relief for Aviation Workers, available until expended; and $100M for the Economic Stabilization Program, available until expended.
[2]$25M for administrative expenses related to Transportation Services, available through FY 2022; $15M for Emergency Rental Assistance, available through the end of FY 2021; and $252.569M designated for the Emergency Capital Investment Program, available until expended.
[3]$10M for administrative expenses related to Payroll Support Program, Air Carrier Worker Support & Pandemic Relief for Aviation Workers, available until expended; $50M for the Coronavirus Relief Fund, available until expended; $40M for the Homeowner Assistance Fund, available through FY 2025; $30M for Emergency Rental Assistance, available through FY 2027; and designated, but not limited to, $200M for the State Small Business Credit Initiative, available until expended.
[4]Administrative support for Economic Impact Payments are excluded from this table.
[5]As detailed in Section 123 of the proposed Treasury Administrative Provisions, Treasury is requesting administrative flexibility between COVID related programs (excluding SSBCI and ECIP). In FY 2023, Economic Stabilization Program reflects $33M in obligations for administrative expenses related to the State and Local Fiscal Recovery Funds, as reflected in the Coronavirus Relief Fund account, and the Payroll Support Program, Air Carrier Worker Support & Pandemic Relief for Aviation Workers, reflects $2M for administrative expenses related to the Emergency Rental Assistance Program.

Departmental Offices, Office of Recovery Programs COVID-19 FTE

	FY 2020 Actual	FY 2021 Actual	FY 2022 Estimated	FY 2023 Estimated
	AMOUNT	AMOUNT	AMOUNT	AMOUNT
Assistance to Industry & Small Businesses				
Transportation Services	0	2	11	4
Payroll Support Program, Air Carrier Worker Support & Pandemic Relief for Aviation Workers	0	14	5	1
Economic Stabilization Program[2]	11	11	5	64
Assistance for State, Local, U.S. Territory & Tribal Governments				
Coronavirus Relief Fund[2]	0	7	61	0
Homeowner Assistance Fund	0	2	27	26
Emergency Rental Assistance	0	3	20	21
Access to Capital for Community Development and Small Businesses				
Emergency Capital Investment Program	0	0	27	23
State Small Business Credit Initiative (SSBCI)	0	3	37	39
Total	**11**	**42**	**193**	**178**

[1]DO FTE are funded from COVID related legislation in support of recovery programs and is not supplemented by Treasury Departmental Offices annual appropriation.
[2]As detailed in Section 124 of the proposed Treasury Administrative Provisions, Treasury is requesting administrative flexibility between COVID related programs (excluding SSBCI and ECIP). In FY 2023, 63 FTE associated with the Coronavirus Relief Fund are recorded in the Economic Stabilization Program for a total for 64 FTE between the two programs.

1.4 - Special Inspector General for Pandemic Recovery

The Special Inspector General for Pandemic Recovery (SIGPR) was established by Section 4018 of the CARES Act.

SIGPR has the duty to conduct, supervise, and coordinate audits, evaluations, and investigations of the making, purchase, management, and sale of loans, loan guarantees, and other investments made by the Secretary of the Treasury under programs established by the Secretary, as authorized by Section 4018(c) of the CARES Act, and the management by the Secretary of programs, as authorized by Section 4018(c) of the CARES Act.

By express incorporation, SIGPR also has the duties, responsibilities, powers, and authorities granted inspectors general under the Inspector General Act of 1978, including broad subpoena authority.

The role and mission of SIGPR is to safeguard the peoples' tax dollars appropriated by Congress through the CARES Act until its authority expires in 2025. SIGPR strives to ensure that the American taxpayer gets the best return on investment by efficiently rooting out fraud, waste, and abuse. In carrying out its mission, SIGPR's goal is to treat everyone with respect, to operate with the utmost integrity, and to be fair, objective, and independent.

The CARES Act provided an initial appropriation of $25 million to SIGPR derived from amounts made available under section 4027.

For additional information regarding SIGPR please refer to the Special Inspector General for Pandemic Recovery (SIGPR) Congressional Budget Justification and Annual Performance Plan and Report.

1.5 - Office of the Inspector General

This account also supports the oversight of COVID response programs, such as the Coronavirus

Relief Fund, Emergency Rental Assistance, and the Homeowner Assistance Fund pursuant to the CARES Act, Division N of the CAA, 2021, and the ARP.

Office of the Inspector General

Dollars in Thousands

	FY 2020 Enacted Budget Authority[1]	FY 2020 Obligations	FY 2021 Enacted Budget Authority	FY 2021 Obligations	FY 2022 Enacted Budget Authority	FY 2022 Estimated Obligations	FY 2023 Estimated Obligations
	AMOUNT	AMOUNT	AMOUNT	AMOUNT	AMOUNT	AMOUNT	AMOUNT
Statute							
CARES Act	35,000	2,000	0	8,000	0	9,000	9,000
CAA, 2021[2]	0	0	6,500	552	0	1,000	1,000
ARP[3]	0	0	5,600	149	0	1,500	1,500
Total	**$35,000**	**$2,000**	**$12,100**	**$8,701**	**$0**	**$11,500**	**$11,500**
Total FTE		0		30		52	52

[1]Funds designated for Coronavirus Relief Fund oversight is available until expended.
[2]Funds designated for Emergency Rental Assistance oversight is available until expended.
[3]Funds designated for Homeowner Assistance Fund oversight is available through 2025; and Funds designated for Emergency Rental Assistance oversight is available through 2027.

<u>1.6 - Treasury Inspector General for Tax Administration</u>

This account also supports the oversight of EIPs and other fast and direct relief provided by the IRS pursuant to the CARES Act, Division N of the CAA, 2021, and the ARP.

Treasury Inspector General for Tax Administration

Dollars in Thousands

	FY 2020 Enacted Budget Authority	FY 2020 Obligations	FY 2021 Enacted Budget Authority[1]	FY 2021 Obligations	FY 2022 Enacted Budget Authority	FY 2022 Estimated Obligations	FY 2023 Estimated Obligations
	AMOUNT	AMOUNT	AMOUNT	AMOUNT	AMOUNT	AMOUNT	AMOUNT
Statute							
ARP	0	0	8,000	2,380	0	5,620	0
Total	**$0**	**$0**	**$8,000**	**$2,380**	**$0**	**$5,620**	**$0**
Total FTE				13		28	0

[1]Funds available through September 30, 2023

Section III –Appropriations Language

A – Treasury Administrative Provisions

1.1 - Administrative Funding Transfer Authority

SEC. [125]123. Notwithstanding any other provision of law, the unobligated balances from amounts made available to the Secretary of the Treasury for administrative expenses pursuant to sections 4003(f) and 4112(b) of the Coronavirus Aid, Relief, and Economic Security Act (Public Law 116–136); section 421(f)(2) of Division N of the Consolidated Appropriations Act, 2021 (Public Law 116–260); sections 3201(a)(2)(B), 3206(d)(1)(A), and 7301(b)(5) of the American Rescue Plan Act of 2021 (Public Law 117–2); and section 602(a)(2) of the Social Security Act, as added by section 9901 of the American Rescue Plan Act of 2021 (Public Law 117–2), shall be available for any administrative expenses determined by the Secretary of the Treasury to be *necessary to respond to the coronavirus, including but not limited to expenses necessary to implement any provision of the Coronavirus Aid, Relief, and Economic Security Act (Public Law 116–136), Division N of the Consolidated Appropriations Act, 2021 (Public Law 116–260), the American Rescue Plan Act (Public Law 117–2), or title VI of the Social Security Act: Provided, That such unobligated balances shall be available in addition to any other appropriations provided for such purposes.*

Department of the Treasury
Office of Inspector General

Congressional Budget Justification and Annual Performance Plan and Report

FY 2023

Table of Contents

Section I – Budget Request

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To promote the integrity, efficiency, and effectiveness in programs and operations within the Department of the Treasury and OIG's jurisdictional boundaries.

B – Summary of the Request
The FY 2023 request for $43,878,000 for the OIG will be used to fund audit, investigative, and mission support activities to meet the requirements of the Inspector General Act of 1978, as amended, and other statutes including, but not limited to: the Cybersecurity Act of 2015; Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank); Federal Information Security Modernization Act of 2014 (FISMA); Federal Information Technology Acquisition Reform Act; Government Management Reform Act; Payment Integrity Information Act of 2019 (PIIA); Government Charge Card Abuse Prevention Act of 2012; Federal Deposit Insurance Act; Small Business Jobs Act of 2010; Resources and Ecosystems Sustainability, Tourist Opportunities, and Revived Economies of the Gulf Coast States Act of 2012 (RESTORE); the Coronavirus Aid, Relief, and Economic Security Act (CARES Act); the Consolidated Appropriations Act, 2021; and the American Rescue Plan Act (ARP). Specific mandates include: (1) audits of the Department's financial statements (2) audits or evaluations of the Department's information systems security program and practices as required by FISMA, (3) assessments of the Department's cyber security information sharing, (4) audits of improper payments and recoveries under PIIA, (5) risk assessments and audits of charge card programs, and (6) material loss reviews of failed insured depositary institutions regulated by the Office of the Comptroller of the Currency (OCC).

The OIG will also conduct audits of the Department's highest risk programs and operations, and respond to stakeholder requests for specific work, including: (1) operating in an uncertain environment, (2) cyber threats, (3) Bank Secrecy Act, anti-money laundering, and anti-terrorist financing enforcement, (4) efforts to promote spending transparency and to prevent and detect improper payments, (5) information technology acquisition and project management; and (6) certain Treasury Pandemic Relief programs.

Within its jurisdictional boundaries, the OIG also conducts audit of the highest risk programs and operations of Gulf Coast Ecosystem Restoration Council (Council) established under RESTORE. The highest risk programs and operations identified as the Council's management and performance challenge include: (1) Federal statutory and regulatory compliance, (2) grant and interagency agreement compliance monitoring, and (3) Loss of Key Leadership Over Administration of Gulf Coast Restoration Activities.

The OIG will continue its investigative work to prevent, detect, and investigate complaints of fraud, waste, and abuse impacting Treasury programs and operations. This includes the detection and prevention or deterrence of employee misconduct and fraud.

Office of Inspector General's FY 2023 Budget Request

In accordance with the requirements of Section 6(f)(1) of the Inspector General Act of 1978, as amended, the Treasury Inspector General submits the following information relating to the OIG's requested budget for FY 2023:

- The aggregate budget request for the operations of the OIG is $55,878,000 comprised of $43,878,000 from direct appropriations, and $12,000,000 from reimbursable collections;
- The portion of this amount needed for OIG training is $650,000; and
- The portion of this amount estimated in support the Council of Inspectors General on Integrity and Efficiency (CIGIE) is $92,500.

The amount requested for training satisfies all OIG training needs for FY 2023.

1.1 – Appropriations Detail Table

Dollars in Thousands

Appropriated Resources	FY 2021 Operating Plan[1]		FY 2022 Annualized CR		FY 2023 Request		FY 2022 to FY 2023 % Change	
New Appropriated Resources	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**
Audit	145	29,324	144	30,521	144	32,198	0.0%	5.5%
Investigations	44	10,120	46	10,520	46	11,680	0.0%	11.0%
Subtotal New Appropriated Resources	189	$39,444	190	$41,041	190	$43,878	0.0%	6.9%
Other Resources								
Reimbursables - Annual	0	8,061	0	12,000	0	12,000	NA	0.0%
Reimbursable – SSBCI	0	400	0	1,000	0	1,000	NA	0.0%
Resources from Other Accounts	0	8,000	0	10,959	0	10,122	NA	-7.6%
Subtotal Other Resources	0	$16,461	0	$23,959	0	$23,122	0.0%	-7.6%
Total Budgetary Resources	**189**	**55,905**	**190**	**$65,000**	**190**	**$67,000**	**0.0%**	**3.1%**

FY 2021 Other Resources and Full-time Equivalents reflect actuals.
In FY 2021, additional appropriated resources were provided by the Consolidated Appropriations Act of 2021 and the American Rescue Plan Act of 2021 that are not included above:
1. $3 million for oversight of the Emergency Rental Assistance program
2. $6.5 million for oversight of the Emergency Rental Assistance program
3. $2.6 million for oversight of the Homeowner Assistance Fund
4. $35 million for oversight of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) (Funding received in FY 2020)
5. $10 million for SSBCI (Small Business Jobs Act of 2010) starting in 2021 with $400k and thereafter, $1M each year.

1.2 – Budget Adjustments Table

Dollars in Thousands

	FTE	Amount
FY 2022 Annualized CR	**190**	**$41,041**
Changes to Base:		
Maintaining Current Levels (MCLs):	0	$1,516
Pay Annualization (2.7% average pay raise)	0	$211
Pay Raise (4.6% average pay raise)	0	$1,083
Non-Pay	0	$222
Other Adjustments:		
Adjustments to Meet Current Operating Levels	0	$1,321
Subtotal Changes to Base	0	$2,837
FY 2023 Current Services	**190**	**$43,878**
FY 2023 President's Budget Request	**190**	**$43,878**

C – Budget Increases and Decreases Description

Maintaining Current Levels (MCLs) ....+$1,516,000 / +0 FTE

Pay Annualization (2.7%) +$211,000 / +0 FTE

Funds are requested for annualization of the January 2022 2.7% average pay raise.

Pay Raise (4.6% in 2023) +$1,083,000 / +0 FTE

Funds are requested for a 4.6% average pay raise in January 2023.

Non-Pay +$222,000 / +0 FTE

Funds are requested for non-labor expenses such as travel, contracts, rent, supplies, and equipment.

Other Adjustments ....+$1,321,000 / +0 FTE

Adjustments to Meet Current Operating Levels +$1,321,000 / +0 FTE

Treasury requests adjustments to realize current services operating levels. Current Operating Levels include the annualization of the January 2021 1.0% average pay raise, 2.7% average pay raise in January 2022, FY 2022 FERS contribution increases and FY 2022 non-labor expenses self-funded from FY 2021 enacted levels.

1.3 – Object Classification (Schedule O) Obligations

Dollars in Thousands

Object Classification[1]	FY 2021 Actual Obligations	FY 2022 Estimated Obligations	FY 2023 Estimated Obligations
11.1 - Full-time permanent	22,000	27,000	28,000
11.5 - Other personnel compensation	1,312	1,000	1,000
11.9 - Personnel Compensation (Total)	**23,312**	**28,000**	**29,000**
12.0 - Personnel benefits	9,000	10,000	11,000
Total Personnel and Compensation Benefits	**$32,312**	**$38,000**	**$40,000**
21.0 - Travel and transportation of persons	0	1,000	1,000
23.1 - Rental payments to GSA	0	4,000	4,000
23.3 - Communications, utilities, and miscellaneous charges	0	1,000	1,000
25.1 - Advisory and assistance services	1,100	0	0
25.2 - Other services from non-Federal sources	9,417	10,000	9,000
25.3 - Other goods and services from Federal sources	10,475	12,000	12,000
31.0 - Equipment	667	0	0
Total Non-Personnel	**$21,659**	**$28,000**	**$27,000**
Total Obligations	**$53,971**	**$66,000**	**$67,000**
Full-time Equivalents (FTE)	**189**	**190**	**190**

FY 2021 Other Resources and Full-time Equivalents reflect actuals.
In FY 2021, additional appropriated resources were provided by the Consolidated Appropriations Act of 2021 and the American Rescue Plan Act of 2021 that are not included above:

1. $3 million for oversight of the Emergency Rental Assistance program
2. $6.5 million for oversight of the Emergency Rental Assistance program
3. $2.6 million for oversight of the Homeowner Assistance Fund
4. $35 million for oversight of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) (Funding received in FY 2020)
5. $10 million for SSBCI (Small Business Jobs Act of 2010) starting in 2021 with $400k and thereafter, $1M each year.

D – Appropriations Language and Explanation of Changes

Appropriations Language	Explanation of Changes
DEPARTMENT OF THE TREASURY OFFICE OF INSPECTOR GENERAL *Federal Funds* SALARIES AND EXPENSES *For necessary expenses of the Office of Inspector General in carrying out the provisions of the Inspector General Act of 1978, $43,878,000, including hire of passenger motor vehicles; of which not to exceed $100,000 shall be available for unforeseen emergencies of a confidential nature, to be allocated and expended under the direction of the Inspector General of the Treasury; of which up to $2,800,000 to remain available until September 30, 2024, shall be for audits and investigations conducted pursuant to section 1608 of the Resources and Ecosystems Sustainability, Tourist Opportunities, and Revived Economies of the Gulf Coast States Act of 2012 (33 U.S.C. 1321 note); and of which not to exceed $1,000 shall be available for official reception and representation expenses.* Note.—A full-year 2022 appropriation for this account was not enacted at the time the budget was prepared; therefore, the budget assumes this account is operating under the Continuing Appropriations Act, 2022 (Division A of P.L. 117-43, as amended). The amounts included for 2022 reflect the annualized level provided by the continuing resolution.	

E – Legislative Proposals

The OIG has no legislative proposals.

Section II – Annual Performance Plan and Report

A – Strategic Alignment

This year, through the audit and investigative functions the OIG is working to align budget activities and performance measures to the new objectives in the Treasury FY 2022 – 2026 Strategic Plan. This work will include benchmarking performance and may result in changes to performance measures in the FY 2024 budget. The OIG will publish a component plan that aligns bureau activities and priorities to the Department's by early spring 2022.

The FY 2023 requested resources will enable the OIG to perform audits and investigations of Treasury programs and operations under its jurisdiction, except for those of the Internal Revenue Service (IRS), the Troubled Asset Relief Program (TARP), the Special Inspector General for Pandemic Recovery (SIGPR), and to keep the Secretary of the Treasury and Congress fully informed of problems, deficiencies, and the need for corrective action. By statute, the OIG also performs oversight of the Gulf Coast Ecosystem Restoration Council, an independent Federal entity.

B – Major challenges and risks for Treasury

New Mandates

While Treasury continues transitioning key senior leadership positions and implementing new initiatives and programs, other critical matters such as the budget and debt ceiling stopgaps during the COVID-19 pandemic continues to be more challenging than usual. The impact of these challenges and the uncertainties require the Department to continue to focus its resources on programs that are in the highest need to citizens and/or where there is a unique federal role. It is essential that new initiatives, programs, and reforms be managed and communicated effectively for achieving performance and accountability The OIG will assess the Department's ability to meet new mandates and manage challenges and risks to its programs and operations.

Cyber Threats

Treasury has maintained steady progress in addressing the continual and on-going challenges that the Federal Government and private sector face, including the threat of ransomware and challenging in recruiting and retaining cybersecurity personnel. Cyber threats are a persistent concern as Treasury's information systems are critical to the core functions of Government and the Nation's financial infrastructure. Attempted cyber-attacks against Federal agencies, including Treasury, and financial institutions continue to increase in frequency and severity, in addition to continuously evolving. There are risks that Treasury's systems and resources already in use, including critical infrastructure, contain components from sources that have yet to be designated as threats.

The Department will need to monitor developments in this area closely and plan for the possibility that its current supply chain may no longer be available in the near future.

In addition to its own networks and systems, the Department must be cognizant of, and mitigate, the risks posed by attacks made against other agencies and Treasury contractors and subcontractors. Furthermore, effective public-private coordination is needed to address the cyber threat against the Nation's critical infrastructure. In this regard, Treasury is looked upon to provide effective leadership to financial institutions in particular, and the financial sector in general, to strengthen awareness and preparedness against cyber threats.

As an ongoing challenge, Treasury will need to balance cybersecurity demands while modernizing and maintaining information technology (IT) systems. This is becoming more and more critical, especially since the COVID-19 pandemic shifted the Federal workforce to primarily telework status, which increases the opportunities for cyber-attacks. Long-standing cyber threats pose increased risks to networks and information systems during the ongoing COVID-19 global health pandemic as more opportunities are available for bad actors to stage cyber-attacks. As the tools used to perpetrate cyber-attacks become easier to use and more widespread, less technological knowledge and fewer resources are needed to launch successful attacks of increasing sophistication. To this end, Treasury must ensure that cyber security is fully integrated in its IT investment decisions. OIG conducts audits of Treasury's information systems and operations. As part of these audits, OIG conducts penetration tests of selected Treasury bureaus and offices to determine whether sufficient protections exist to prevent and detect unauthorized access to Treasury networks and systems.

Anti-Money Laundering/Terrorist Financing and Bank Secrecy Act Enforcement

Identifying, disrupting, and dismantling the financial networks that support rogue regimes, terrorist organizations, transnational criminal organizations, and other threats to the national security of the United States and our allies continues to be challenging as the Office of Terrorism and Financial Intelligence's (TFI) role to counter these financial networks and threats has grown because its economic authorities are key tools to carry out U.S. policy. TFI's counter-terrorism designations disrupt the financial networks that support terrorist organizations. Disrupting terrorist financing depends on a whole-of-government approach and requires collaboration and coordination within Treasury and with other federal agencies. Effective collaboration and coordination are key to successfully identifying and disrupting terrorists' financial networks and meeting TFI's mission.

Data security and information sharing are challenges for the Financial Crimes Enforcement Network (FinCEN), which has experienced unauthorized disclosures of Bank Secrecy Act information. The challenge for FinCEN is to ensure the Bank Secrecy Act data remain secure to maintain the confidence of the financial sector while meeting the access needs of law enforcement, regulatory, and intelligence partners.

Given the criticality of Treasury's mission and its role to carry out U.S. policy, the OIG continues to consider anti-money laundering and combating terrorist financing programs and operations as inherently high-risk. Through OIG's ongoing audits and reviews, the OIG monitors this high-risk area closely.

Efforts to Promote Spending Transparency and to Prevent and Detect Improper Payments

Given the broad implications and critical roles assigned to Treasury by the *Digital Accountability and Transparency Act of 2014* (DATA Act), there are renewed challenges facing Treasury given the need to ensure transparency to the taxpayer and other stakeholders on the use of funds distributed under the economic relief packages enacted to address individuals and industry sectors impacted by the COVID-19 pandemic. DATA Act reporting is now seen as one of the means to ensure transparency into the use of Federal funds related to COVID-19 expenditures.

In its April 2020 memorandum, *Implementation Guidance for Supplemental Funding Provided in Response to the Coronavirus Disease 2019 (COVID-19),* OMB requires that agencies leverage existing financial accountability and transparency mechanisms. In part, OMB requires (1) tracking of COVID-19 expenditures with usage of a Disaster Emergency Fund Code; (2) reporting financial assistance recipient information within two weeks of issuance, with the exception of loans; and (3) reporting outlay information at the financial award transaction level. To further enhance transparency, Treasury devoted significant resources and leveraged existing financial reporting systems to promote spending transparency and use of Federal financial data to strengthen government-wide decision-making. Treasury has also shifted from quarterly to monthly reporting and certification beginning with the period ending June 2020 and plans to add a program activity attribute beginning with the first quarter of fiscal year 2022. The speed in which supplemental funding was distributed created new data management needs for Treasury along with labor intensive ingestion of data associated with the application for, and issuance of, economic relief. The rapid delivery of funds within short timeframes may create opportunities for illicit activity by anyone attempting to misuse or abuse funds that were intended for COVID-19 relief. Considering the challenges and risks associated with ensuring economic relief is deployed and used for intended purposes, Treasury must continue to address reporting and data quality issues noted in DATA Act audits and intensify efforts to reduce improper payments. Reliable and transparent data is critical to the Department's ongoing implementation of Government-wide reforms for making data accessible and useful for decision-making as authorized by the *Foundations for Evidence-Based Policymaking Act of 2018* (Evidence Act). The OIG will monitor the Department's progress in this area.

The OIG also continues to identify and analyze the risks of improper payments and reviews the controls and safeguards put in place by Treasury to prevent and recover such payments as set forth in the *Payment Integrity Information Act of 2019 (PIIA).*

Information Technology Acquisition and Project Management

Government-wide implementation of the *Federal Information Technology Acquisition Reform Act* (FITARA) continues to be an ongoing challenge. FITARA expanded the involvement of Chief Information Officers of Federal agencies in IT decision making, including annual and multi-year planning, programming, budgeting, execution, reporting, management, governance, and oversight functions. Among FITARA specific requirements, the areas that Treasury needs most improvement were enhanced transparency and risk management and improved cybersecurity. Since February 2015, the Government Accountability Office has included the management of IT acquisitions and operations on its high-risk list as cost overruns and schedule delays impact mission related outcomes government-wide. The OIG monitors the Department's progress to fully implement FITARA requirements and management of IT projects.

Non-IT related acquisitions also require attention to ensure timely delivery and minimize cost overruns for achieving cost savings. In this regard, the OIG plans audit oversight of the Bureau of Engraving and Printing's large construction project of a new facility to ensure continuity of operations of the bureau.

COVID-19 Pandemic Relief
The COVID-19 pandemic affected the health and economic stability of communities nationwide. Congress passed a series of legislation to address the COVID-19 health crisis and the economic fallout affecting individuals, businesses, and other industry sectors. Treasury has been instrumental in implementing and supporting other Federal agencies in implementation of economic relief provisions of the CARES Act, the Consolidated Appropriations Act, 2021, and the American Rescue Plan. Along with administering and delivering economic relief, Treasury must manage the unprecedented oversight required by the aforementioned legislations. In the context of this overarching challenge, OIG recognizes the breadth and scope of Treasury's responsibilities as it impacts programs, operations, and activities regardless of jurisdictional oversight boundaries. That said, there was reported strain associated with working remotely while managing normal responsibilities and additional work due to the COVID-19 pandemic. Going forward, Treasury may experience difficulties in balancing its new responsibilities and workloads while managing several ongoing challenges as described throughout this document.

Major challenges and risks for the Gulf Coast Ecosystem Restoration Council (Council)
Federal Statutory and Regulatory Compliance
The Council must ensure that activities and projects funded by the Resources and Ecosystems Sustainability, Tourist Opportunities, and Revived Economies of the Gulf Coast States Act of 2012 (RESTORE Act) meet all environmental laws and regulations at the Federal and State level and must also ensure its compliance with applicable laws and regulations as a Federal entity. The Council is required to follow Federal statutory and regulatory compliance requirements related to the DATA Act, PIIA, and the Evidence Act. The Council still faces challenges in meeting these Federal statutory and regulatory compliance stemming from the need for a reliable grants management system among other things. With the uncertainty of a successful transition to a new grants management system, the Council's ability to comply with new as well as existing Federal requirements may be in question. In addition, there has been a loss of key leaders at the Council which will make a successful transition even more challenging. The OIG will continue to focus audits on the Council's continued implementation and compliance with key Federal mandates.

Grant and Interagency Agreement Compliance Monitoring Given the increase in grants and interagency agreements, the OIG continues to emphasize the necessity to monitor projects and award recipients of RESTORE Act funds. This challenge is further impacted by the Council's transition to a new grants management system during FY 2020. The OIG audits will focus on the Council's monitoring controls in place to ensure projects and recipients comply with grant and agency agreements and funds are used as intended.

In the Investigations operational area, OIG has established eight priorities for FY 2022:
Threats Against Treasury Employees and Facilities
Investigative efforts into threats against Treasury employees and facilities are critical in ensuring safety for the Department. These matters require prompt attention and coordination with federal, state, and local authorities to protect those involved.

Criminal and Serious Employee Misconduct
The OIG Office of Investigation's highest priority is investigating complaints involving alleged criminal and other serious misconduct by Treasury employees. OIG investigates allegations of the general crimes enumerated in Title 18 of the U.S. Code, other federal crimes, alleged violations of the Ethics in Government Act, and allegations of serious misconduct prohibited by the Standards of Ethical Conduct for Employees of the Executive Branch. Several Treasury bureaus and offices have additional rules and regulations relating to ethical standards for their own employees, and OIG also investigates complaints of alleged violations of these rules and regulations.

Fraud Involving Contracts, Grants, Guarantees, and Federal Funds
The OIG Office of Investigations conducts investigations into allegations of fraud and other crimes involving Treasury contracts, grants, loan guarantees, and federal funds, including investigations made in accordance with Sections 1602 and 1603 of the Recovery Act. Such allegations often involve contractors, entities, and individuals who are providing or seeking to provide goods or services to the Department. The Office of Investigations receives complaints alleging criminal or other misconduct from employees, contractors, members of the public, and the Congress.

Financial Programs and Operations Crime
Investigations relating to Treasury financial programs and operations that involve Treasury bureaus issuing licenses, providing benefits, and exercising oversight of U.S. financial institutions; frauds involving improper Federal payments such as those involving stolen, counterfeit, altered or fraudulently obtained Treasury checks and ACH payments; frauds involving improper Federal payments such as those involving Treasury checks and the *Check Forgery Insurance Fund*; crimes involving the improperly-redirected benefits of federal government payees; and false claims of any kind that seek Federal payments, including federal income tax refunds, Social Security benefits, and Department of Veterans' Affairs. These matters require prompt attention to protect the public and the integrity of the department.

Cyber Threats against Treasury Systems and Cyber Enabled Financial Crimes Fraud
The OIG conducts investigations into Cyber intrusions of Treasury systems, the illicit removal of Treasury protected information from Treasury systems and Cyber enabled criminal activity impacting Treasury programs and operations, such as Business Email Compromise, Personal Email Compromise and other schemes.

Treasury Employee and Bureau Impersonation Scams
Investigations relating to scammers who represent themselves as Treasury employees to defraud the citizens of the U.S. and other countries by the impersonation of Treasury employees and/or the fraudulent use of the Treasury and Bureau seals. This is a problem that has significantly increased in the last few years. These matters require prompt attention to protect the public and the integrity of the Department.

Investigating Fraud Related to Persons Representing Themselves as "Sovereign Citizens" Submitting Fictitious Financial Instruments to Treasury, Financial Institutions, and Private Companies

The OIG conducts investigations into criminal activity associated with individuals who attempt to scam the Treasury, financial institutions, private companies, and citizens by submitting fictitious financial instruments purporting to be issued by or drawn on the Treasury or other counterfeit documents to perpetrate a variety of fraud schemes. These matters have become more prevalent and require prompt coordination with Federal, State, and local authorities to protect the targets of the scams.

Identifying and Investigating Fraud Related to Pandemic Related Acts
The OIG conducts inquiries and investigations of waste, fraud, and abuse related to Title V of the CARES Act, which established the Coronavirus Relief Fund for State, Local, U.S territories, the District of Columbia and Tribal governments, the Consolidated Appropriations Act, 2021, the American Rescue Plan Act of 2021, as well as the Emergency Rental Assistance program (ERA/ERA2), the Homeowner Assistance Fund (HAF), Coronavirus State and Local Recovery Funds (SLFRF), State Small Business Credit Initiative (SSBCI), Air Carrier and Certain Contractors – Payroll Support Programs, Coronavirus Economic Relief for Transportation Services, Emergency Capital Investment Fund, and the CDFI Fund Emergency Support (Rapid Relief Program).

C – Budget and Performance by Budget Activity
2.1.1 – Audit Resources and Measures
Dollars in Thousands

Resource Level	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Annualized CR	FY 2023 Request
Appropriated Resources	$26,014	$24,413	$25,699	$30,524	$30,524	$30,521	$32,198
Reimbursable	$6,726	$6,116	$6,236	$9,000	$8,261	$12,000	$12,000
Budget Activity Total	**$32,740**	**$30,529**	**$31,935**	**$39,524**	**$38,785**	**$42,521**	**$44,198**
Full-time Equivalents (FTE)	**137**	**115**	**119**	**128**	**136**	**144**	**144**

Performance Measure	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2021 Target	FY 2022 Target	FY 2023 Target
Number of Completed Audit Products	90	91	79	85	80	80	74	82
Percent of Statutory Audits Completed by the Required Date	100	100	100	100	100	100	100	100

Audit Budget and Performance
($32,198,000 from direct appropriations, and $11,000,000 from reimbursable resources):
The Office of Audit (OA) conducts audits intended to ensure the accountability of resources, protect information, and provide recommendations for improving the integrity, economy, efficiency, effectiveness, of programs and operations within the Department and within OIG's jurisdictional boundaries, which include those of the Council. The requested funding for FY 2023 is necessary to perform mandated work (including audits/assessments of financial statements, information systems security program and practices, cyber security information sharing, improper payments and recoveries, charge card programs, material loss reviews of failed insured depository institutions regulated by the OCC, and data quality audits of spending data), and to maintain an appropriate level of oversight of programs and operations consistent with the

OIG's responsibilities under the Inspector General Act of 1978, amended. In FY 2023, OIG will also continue to provide oversight of Treasury's Government-wide role and responsibilities under the CARES Act, FY 2021 Consolidated Appropriations Act, and ARP. Reimbursable funding agreements support financial statement audits of Treasury and oversight of the State Small Business Credit Initiative and the Small Business Lending Fund. Reimbursable funding agreements also support Treasury financial audits for which Treasury OIG is the lead office in selecting and overseeing contractor selection.

Description of Performance
OA plans to complete 74 audit products in FY 2022, and 82 in FY 2023. Audit products include audit reports, evaluation reports, desk reviews, the Inspector General's Semi-Annual Reports to Congress, and the Inspector General's annual memoranda to the Secretary of the Treasury and the designated Chairperson of the Gulf Coast Ecosystem Restoration Council, on the most significant management and performance challenges facing the Department and Gulf Coast Ecosystem Restoration Council, respectively.

Audit products can also include responses to specific information requests by the Congress. By completing independent and timely assessments of programs and operations across its jurisdiction, the Office of Audit supports the OIG's mission of promoting integrity, efficiency, effectiveness of those programs and operations. The recommendations for improvement in programs and operations noted through OIG's assessments directly support both the Treasury Department and the Gulf Coast Ecosystem Restoration Council in achieving their strategic goals and meeting their respective missions.

2.1.2 – Investigations Resources and Measures

Dollars in Thousands

Resource Level	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Annualized CR	FY 2023 Request
Appropriated Resources	$7,164	$11,512	$11,344	$10,520	$10,520	$10,520	$11,680
Budget Activity Total	**$7,164**	**$11,512**	**$11,344**	**$10,520**	**$10,520**	**$10,520**	**$11,680**
Full-time Equivalents (FTE)	**43**	**42**	**39**	**39**	**44**	**46**	**46**

Performance Measure	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2021 Target	FY 2022 Target	FY 2023 Target
Percentage of All Cases Closed During Fiscal Year That Were Referred for Criminal/Civil/Administrative Action.	84	98	80	91	100	100	80	80

Investigations Budget and Performance

($11,680,000 from direct appropriations):
The Office of Investigations (OI) prevents, detects, and investigates complaints of fraud, waste, and abuse impacting Treasury programs and operations. This includes the detection and prevention or deterrence of employee misconduct and fraud, or related financial crimes within or directed against Treasury. OI refers its cases to the Department of Justice, state or local

prosecutors for criminal prosecution or civil litigation, or to agency officials for corrective administrative action.

With almost $3 billion in Treasury-related contracts, there is an increased risk of contract fraud across all Treasury bureaus and programs. OI initiated a program of providing integrity briefs to contract personnel notifying them of the responsibilities to report fraud, waste, and abuse within U.S. Treasury contracts and programs. OI works with the U.S. Department of Justice to prosecute False Claims Acts in federal court to recover funds through civil penalties. Additionally, OI conducts criminal investigations to prosecute contracts engaging in fraudulent activity, such as kickbacks, product substitution, bid manipulation, and many other types of contract fraud. OI continues to work allegations directly impacting the American Reinvestment and Recovery Act and the Gulf Coast Restoration Trust Fund.

OI directs investigative efforts toward those that subvert bank examination processes, and/or perpetrate fraud impacting the Bank Secrecy Act oversight responsibilities of Treasury bureaus, subsequently defrauding the nation's financial infrastructure, and eroding the public's trust.

In addition to the grant programs listed above, the OI has seen a noted increase in fraud impacting other significant Treasury programs and operations, including leaks of Treasury information, as well as fraud impacting the Treasury payment processing service operated by the Bureau of Fiscal Service. OI remains committed to investigating benefit, improper payment and other monetary fraud associated with the programs and operations of the Treasury Department. The Pandemic Response Accountability Committee (PRAC) established a Fraud Task Force to serve as a resource for the Inspectors General (IG) community by merging investigative resources into those areas where the need is the greatest, currently pandemic loan fraud. Agents from Offices of Inspectors General (OIG) across the Government are detailed to work on Task Force cases. These agents have partnered with prosecutors at the Department of Justice's Fraud Section and at United States Attorneys' Offices across the country.

Treasury OIG has seven agents who are assigned to the PRAC Fraud Task Force on a part-time basis. The agents are assigned Paycheck Protection Program cases while continuing to work their existing Treasury OIG caseload. This initiative allows Treasury OIG to make a broader contribution to the IG community by assisting with investigations that might otherwise remain unstaffed.

Description of Performance

The Investigative Performance Measure is a percentage of all cases closed by OI during the fiscal year referred to Department Bureaus for administrative action or for criminal or civil prosecution by Federal or local prosecutors. The goal for OI is that at least 80 percent of closed cases meet the aforementioned criteria. Meeting or exceeding this goal demonstrates that OI is responsive to allegations and complaints referred to the office and when these referrals require investigation, the cases are timely, thoroughly and accurately reported to assist the Department in maintaining the integrity of its programs and operations, subsequently ferreting out fraud, waste, and abuse. The office is working to meet or exceed this measure in both FY 2022 and FY 2023.

In FY 2021 OI met the Investigative Performance Measure target (Target – 80 percent; Actual – 100 percent), opened 88 new investigations and closed 72 investigations. The OIG also referred 13 investigations that substantiated administrative violations against a Treasury employee to the appropriate regulated bureau for action. In addition, the OIG referred 65 investigations for criminal prosecution and 5 investigations for civil prosecution. In FY 2020 OI charged and/or indicted 23 subjects. Ongoing investigations resulted in 24 subjects sentenced which resulted in fines, seizures, restitution, penalties, and settlements of more than $10.9 million.

Since the inception of the CARES Act in March 2020, the OI has increased its caseload by 25 percent for investigations that involve potential misappropriated funds of state, local, tribal governments, and governments of U.S. Territories.

OI continues to support frequent congressional inquiries, sensitive investigative requests from the Council of the Inspectors General on Integrity and Efficiency, and annual peer reviews of other Offices of Inspector General, thus ensuring a high level of professionalism within the Inspector General community.

C – Changes in Performance Measures
OIG has no changes in performance measures.

Section III – Additional Information

A – Summary of Capital Investments
The OIG has no capital investments. Capital investments that support the OIG are included in the Departmental Offices plan.

A summary of capital investment resources, including major information technology and non-technology investments can be viewed and downloaded at:
https://www.treasury.gov/about/budget-performance/Pages/summary-of-capital-investments.aspx

Department of the Treasury
Treasury Inspector General for Tax Administration

Congressional Budget Justification and Annual Performance Plan and Report

FY 2023

Table of Contents

Section I – Budget Request

A – Mission Statement
Provide quality professional audit, investigative, and inspection and evaluation services that promote integrity, economy, and efficiency in the administration of the Nation's tax system.

B – Summary of the Request
The Treasury Inspector General for Tax Administration's (TIGTA) Fiscal Year (FY) 2023 budget request of $182,409,000 represents an increase of seven percent above its FY 2022 Annualized Continuing Resolution (CR) budget level. Funding TIGTA's FY 2023 Budget request will enable TIGTA to conduct critical audit, investigative, and inspection and evaluation services to protect the integrity of the Nation's Federal tax system.

In accordance with the requirements of Section 6(f)(1) of the Inspector General Act of 1978 (as amended),[1] TIGTA submits the following information related to its FY 2023 budget request:

- The aggregate budget request for TIGTA operations is $182,409,000;
- The portion of the request needed for TIGTA training is $1,800,000; and
- The portion of the request needed to support the Council of the Inspectors General on Integrity and Efficiency is $656,672.

Funding for TIGTA allows its oversight efforts to continue, and for each dollar invested over the five-year period covering FY 2017 - FY 2021, TIGTA has produced an average annual return of $119.

1.1 – Appropriations Detail
Dollars in Thousands

Treasury Inspector General for Tax Administration Appropriated Resources	FY 2021 Operating Plan		FY 2022 Annualized CR		FY 2023 Request		FY 2022 to FY 2023 % Change	
New Appropriated Resources	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**
Audits	330	$64,851	341	$64,851	341	$67,491	0%	4%
Investigations	409	$105,399	419	$105,399	419	$114,918	0%	9%
Subtotal New Appropriated Resources	**739**	**$170,250**	**760**	**$170,250**	**760**	**$182,409**	**0%**	**7%**
Other Resources								
Reimbursables	2	$502	2	$700	2	$700	0%	0%
Unobligated Balances from Prior Years	0	$3,729	0	$1,469	0	$1,500	NA	2%
Subtotal Other Resources	**2**	**$4,231**	**2**	**$2,169**	**2**	**$2,200**	**0%**	**1%**
Total Budgetary Resources	**741**	**$174,481**	**762**	**$172,419**	**762**	**$184,609**	**0%**	**7%**

FY 2021 Other Resources and Full-time Equivalents (FTE) reflect actuals.

Table does not include $8M in funding provided through the American Rescue Plan Act of 2021 (ARP) (P.L.117-2) which is available for expenditure through FY 2023.

[1] 5 U.S.C. app. 3 § 6(f)(1).

1.2 – Budget Adjustments

Dollars in Thousands

	FTE	Amount
FY 2022 Annualized CR	**760**	**$170,250**
Changes to Base:		
Maintaining Current Levels (MCLs):	0	$6,619
Pay Annualization (2.7% average pay raise)		$975
Pay Raise (4.6% average pay raise)		$5,018
Non-Pay		$626
Other Adjustments:	0	$5,540
Adjustments to Meet Current Operating Levels	0	$5,540
Subtotal Changes to Base	0	$12,159
FY 2023 Current Services	**760**	**$182,409**
FY 2023 President's Budget Request	**760**	**$182,409**

C – Budget Increases and Decreases Description

Maintaining Current Levels (MCLs)...+$12,159,000 / +0 FTE

Pay Annualization, (2.7%) +$975,000 / +0 FTE

Funds are requested for annualization of the January 2022 2.7% average pay raise.

Pay Raise, (4.6%) +$5,018,000 / +0 FTE

Funds are requested for a 4.6% average pay raise in January 2023.

Non-Pay, +$626,000 / +0 FTE

Funds are requested for non-labor expenses such as travel, contracts, rent, supplies, and equipment.

Other Adjustments………..………………………………………………+5,540,000 / +0 FTE

Adjustments to Meet Current Operating Levels, +$5,540,000 / +0 FTE

Treasury requests adjustments to realize current services operating levels. Current Operating Levels include the annualization of the January 2021 1.0% average pay raise, 2.7% average pay raise in January 2022, FY 2022 FERS contribution increases and FY 2022 non-labor expenses self-funded from FY 2021 enacted levels. Funds are requested for costs realized in FY 2022 under the enacted appropriation, but not included under an annualized CR.

1.3 - Object Classification (Schedule O) Obligations

Dollars in Thousands

Object Classification	FY 2021 Actual Obligations	FY 2022 Estimated Obligations	FY 2023 Estimated Obligations
11.1 - Full-time permanent	$88,050	$88,165	$94,443
11.3 - Other than full-time permanent	$414	$414	$484
11.5 - Other personnel compensation	$8,764	$8,757	$9,495
11.9 - Personnel Compensation (Total)	**$97,228**	**$97,336**	**$104,421**
12.0 - Personnel benefits	$42,533	$42,635	$46,083
Total Personnel and Compensation Benefits	**$139,761**	**$139,971**	**$150,504**
21.0 - Travel and transportation of persons	$830	$1,427	$3,064
22.0 - Transportation of things	$0	$24	$39
23.1 - Rental payments to GSA	$9,047	$7,855	$7,986
23.2 - Rental payments to others	$441	$441	$169
23.3 - Communications, utilities, and miscellaneous charges	$788	$788	$851
24.0 - Printing and reproduction	$1	$1	$4
25.1 - Advisory and assistance services	$2,371	$1,892	$1,860
25.2 - Other services from non-Federal sources	$518	$518	$557
25.3 - Other goods and services from Federal sources	$11,235	$11,489	$11,934
25.4 - Contractual Services - Other	$1	$1	$0
25.7 - Operation and maintenance of equipment	$1,909	$1,909	$1,845
26.0 - Supplies and materials	$515	$515	$748
31.0 - Equipment	$4,891	$3,903	$3,321
91.0 - Unvouchered Expenses	$216	$216	$224
Total Non-Personnel	**$32,763**	**$30,979**	**$32,605**
New Budgetary Resources	**$172,524**	**$170,950**	**$183,109**
Full-time Equivalents (FTE)	**739**	**760**	**760**

Amounts reflect actual and anticipated obligations of annually appropriated resources, carryover balances, reimbursables, and transfers.

Table does not include $8M in funding provided through the ARP Act of 2021 (P.L.117-2) which is available for expenditure through FY 2023, of which $2.4M was obligated in FY 2021.

D – Appropriations Language and Explanation of Changes

Appropriations Language	Explanation of Changes
DEPARTMENT OF THE TREASURY TREASURY INSPECTOR GENERAL FOR TAX ADMINISTRATION *Federal Funds* SALARIES AND EXPENSES *For necessary expenses of the Treasury Inspector General for Tax Administration in carrying out the Inspector General Act of 1978, as amended, including purchase and hire of passenger motor vehicles (31 U.S.C. 1343(b)); and services authorized by 5 U.S.C. 3109, at such rates as may be determined by the Inspector General for Tax Administration; $182,409,000, of which $5,000,000 shall remain available until September 30, 2024; of which not to exceed $6,000,000 shall be available for official travel expenses; of which not to exceed $500,000 shall be available for unforeseen emergencies of a confidential nature, to be allocated and expended under the direction of the InspectorGeneral for Tax Administration; and of which not to exceed $1,500 shall be available for official reception and representation expenses.* Note.--A full-year 2022 appropriation for this account was not enacted at the time the budget was prepared; therefore, the budget assumes this account is operating under the Continuing Appropriations Act, 2022 (Division A of P.L. 117-43, as amended). The amounts included for 2022 reflect the annualized level provided by the continuing resolution.	

E – Legislative Proposals

TIGTA has no legislative proposals.

Section II – Annual Performance Plan and Report

A – Strategic Alignment

TIGTA, an independent office within the Treasury, was established by Congress under the Internal Revenue Service (IRS) Restructuring and Reform Act of 1998.[2] It provides oversight of IRS activities by conducting independent audits, investigations, and inspections and evaluations necessary to prevent and detect waste, fraud, and abuse in IRS programs and operations. TIGTA conducts audits of IRS programs and operations and makes recommendations designed to improve the administration of the Federal tax system. TIGTA also conducts administrative and criminal investigations into allegations of waste, fraud, and abuse while helping to ensure that the IRS protects and secures taxpayer data. TIGTA also has the unique responsibility of protecting the IRS and its employees. This year, TIGTA is working to align budget activities and performance measures to the new objectives in the Treasury FY 2022 – 2026 Strategic Plan. This work will include benchmarking performance and may result in changes to performance measures in the FY 2024 budget.

TIGTA's primary functions of investigations, audits, and inspection and evaluations align with the following goals in Treasury's Strategic Plan for Fiscal Years (FY) 2022 - 2026:

- Goal 1: Promote Equitable Economic Growth and Recovery;
- Goal 2: Enhance National Security;
- Goal 4: Combat Climate Change; and
- Goal 5: Modernize Treasury Operations.

TIGTA's Strategic Goals:

- Promote the economy, efficiency, and effectiveness of Federal tax administration;
- Protect the integrity of Federal tax administration from internal and external threats; and
- Sustain an inclusive work environment where employees are valued.

Goal 1: Promote the Economy, Efficiency, and Effectiveness of Federal Tax Administration

TIGTA's audits, investigations, and inspections and evaluations identify opportunities to improve the administration of the Nation's tax law. TIGTA's comprehensive independent audits of IRS programs and operations focus on mandated reviews and on high-risk management and performance challenges that confront the IRS. These audits address a variety of IRS issues relating to security of taxpayer data and user authentication, tax systems, implementation of tax laws, tax compliance, meeting customer service demands, and improper payments. TIGTA's recommendations not only result in cost savings, but have other quantifiable impacts, such as revenue protection, improving IRS systems and operations, and ensuring fair and equitable treatment of taxpayers.

Goal 2: Protect the Integrity of Federal Tax Administration from Internal, and External Threats

The successful operation of the Federal Government depends on an effective, efficient, and equitable tax system. During these times of such extraordinary demand on Federal resources,

[2] Pub. L. No. 105-206, 112 Stat. 685.

Americans must have confidence that their tax dollars are being fairly assessed and collected, and that the tax laws are being uniformly and impartially enforced. TIGTA is committed to support and work with the IRS, Congress, and other stakeholders to ensure that these goals are achieved. Consistent with this commitment, TIGTA is constantly striving to carry out its statutory mandate to detect and prevent waste, fraud, and abuse in IRS programs and operations. TIGTA undertakes investigative initiatives designed to protect the IRS against external threats that could impede the efficient and effective administration of its operations. These investigative initiatives identify individuals who perpetrate violence against IRS employees, or who otherwise could pose a threat to the safety of IRS employees, facilities, or data infrastructure. TIGTA provides crucial intelligence to help IRS officials make anticipatory or proactive operational decisions about potential terrorist attacks or other activities that could pose a threat to IRS systems, operations, and people.

Goal 3: Sustain an Inclusive Work Environment Where Employees Are Valued

TIGTA recognizes that the key driving forces in a successful organization are the knowledge, skills, and abilities of its employees. This recognition is supported by sustaining an inclusive work environment where employees are valued. Accordingly, TIGTA's employees play a critical role in the organization's growth and performance. TIGTA is committed to promoting a workplace environment devoted to operational excellence, and to supporting the development of a highly skilled and valued workforce. One benchmark for measuring TIGTA's success in achieving its strategic goal of being an organization that values its people is its consistently high placement in the Partnership for Public Service's "Best Places to Work" rankings. In 2020, for instance, TIGTA placed 76th out of 411 subcomponent agencies.

B – Budget and Performance by Budget Activity

2.1.1 – Audit Resources and Measures

Dollars in Thousands

Resource Level	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual*	FY 2022 Annualized CR	FY 2023 Request
Appropriated Resources	$64,240	$61,099	$62,676	$65,308	$63,863	$64,851	$67,491
Reimbursable Resources	0	0	0	$88	$4	0	0
Unobligated Balances Brought Forward	$1,524	$1,674	$1,947	$1,908	$1,389	$544	$557
Budget Activity Total	**$65,764**	**$62,773**	**$64,623**	**$67,304**	**$65,256**	**$65,395**	**$69,341**
Full-time Equivalents (FTE)	**339**	**328**	**323**	**328**	**322**	**341**	**341**

Performance Measure	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2021 Target	FY 2022 Target	FY 2023 Target
Percentage of Audit Products Delivered When Promised to Stakeholders	79	81	84	79	93	70	70	70
Percentage of New Audit Reports with Recommendations to Improve Tax Administration	NA	NA	NA	NA	NA	B	70	70

Key: NA-Not Applicable; B – Baseline

*Excludes ARP Act of 2021 obligations.

Audit Budget and Performance

($67,491,000 from direct appropriations):

TIGTA's Office of Audit (OA) strives to promote the economy, efficiency, and effectiveness of tax administration. TIGTA provides recommendations to improve IRS systems and operations and to ensure the fair and equitable treatment of taxpayers. TIGTA's comprehensive and independent performance and financial-related audits of the IRS's programs and operations primarily address statutorily mandated reviews and high-risk challenges the IRS faces.

In FY 2021 - 2022, OA publicly released many reports on critical areas of IRS operations, including issuance and reconciliation of Recovery Rebate Credits and Advanced Child Tax Credit payments, tax processing backlogs, customer service, cyber security, and tax compliance. These audits, along with the accompanying recommendations, have the potential to significantly benefit millions of taxpayers and improve IRS service and enforcement efforts. Annually, TIGTA OA expends significant resources evaluating the IRS efforts to sustain and improve taxpayer compliance because small declines in compliance cost the Nation billions of dollars in lost revenue and further exacerbate the tax gap. Since 2020, the IRS has experienced significant delays in processing taxpayer correspondence and meeting customer service demands due to shortfalls in hiring personnel for the Submission Processing functions. These delays negatively impact taxpayers and could potentially affect voluntary compliance. Additionally, the complexity and changes in the international tax environment require the IRS to collaborate with tax administrations of foreign countries to enforce compliance. The IRS must balance tax compliance activities to enforce with upholding taxpayer rights.

IRS systems withstand approximately 1.4 billion cyberattacks annually (including denial-of-service attacks, unsuccessful intrusion attempts, probes or scans, and other unauthorized connectivity attempts).[3] Many of these attempts are sophisticated in nature or represent advanced, persistent threats. TIGTA's OA plays an important role in assessing the actions taken by the IRS to protect its infrastructure in an effort to reduce the risk of internal and external attacks on IRS assets that could potentially expose taxpayer data and information. TIGTA's OA plans to evaluate IRS efforts to modernize its operations in addition to assessing whether user authentication for online services is secure to prevent the unauthorized disclosure of taxpayer information.

Lastly, the IRS has issued billions of dollars in recovery rebates and child tax credits over the last two years, which increases the likelihood of scams and identity theft. TIGTA OA will continue to review IRS efforts to prevent identity theft and ensure only eligible taxpayers receive accurate benefits.

The IRS's implementation of audit recommendations results in:

- Cost savings;
- Increased or protected revenue;
- Protection of taxpayers' rights and entitlements; and
- More efficient use of resources.

[3] Written testimony of Charles Rettig, Commissioner, IRS, On the IRS Budget and Current Operations, Senate Appropriations Committee, Subcommittee on Financial Services and General Government (May 15, 2019).

In FY 2021, TIGTA OA issued 81 final audit reports and other products, that:

- Addressed a variety of high-risk issues, such as the IRS's administration of tax law changes including provisions in the Tax Cuts and Jobs Act, Coronavirus Aid, Relief, and Economic Security (CARES) Act, Consolidated Appropriations Act of 2021 and the American Rescue Plan Act of 2021, enhancement of security of taxpayer data, improvement of tax reporting and payment compliance to reduce the tax gap, improvement of customer service and taxpayer experience, efforts to increase international tax compliance and reduce fraudulent claims and improper payments;
- Reported potential financial benefits totaling approximately $16 billion, including increased and/or protected revenue in the amount of $11 billion; and cost savings of $4.9 billion;
- Affected approximately 5.2 million taxpayer accounts; and
- Returned an estimated $241 for every dollar invested in TIGTA's audit program.

Description of Performance

TIGTA uses the following performance measures to gauge the success of its audit program:

- Percentage of Audit Products Delivered When Promised to Stakeholders.

TIGTA's products will have a more significant impact if they are delivered when needed to support congressional and IRS decision-making. To determine whether products are timely, TIGTA tracks the percentage of products that are delivered on or before the date promised (contract date). At the end of FY 2021, the actual Percentage of Audit Products Delivered When Promised to Stakeholders was 93 percent, which exceeded the full-year target of 70 percent. TIGTA exceeded this target as a result of ongoing supervisory monitoring of the execution of audits to ensure timely delivery of audit products to stakeholders.

- Percentage of New Audit Reports with Recommendations to Improve Tax Administration.

This measure includes the number of new audit reports issued during the reporting period that contain recommendations by TIGTA to improve the economy and efficiency of IRS programs. These recommendations enhance management practices and procedures, offer ways to better use agency funds, and question actual expenditures. To determine the percentage of new reports with recommendations to improve tax administration, TIGTA compares the total number of new audit reports issued to IRS management during the reporting period that contained recommendations for IRS action to the total number of all new audit reports issued to IRS management during the reporting period.

2.1.2 – Investigations Resources and Measures

Dollars in Thousands

Resource Level	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual*	FY 2022 Annualized CR	FY 2023 Request
Appropriated Resources	$100,819	$107,501	$106,866	$106,143	$108,158	$105,399	$114,918
Reimbursable Resources	$357	$414	$797	$536	$498	$700	$700
Unobligated Balances Brought Forward	$2,392	$3,326	$3,053	$3,104	$2,340	$925	$943
Budget Activity Total	**$103,568**	**$111,241**	**$110,716**	**$109,783**	**$110,996**	**$107,024**	**$116,561**
Full-time Equivalents (FTE)	**464**	**438**	**415**	**403**	**409**	**419**	**419**

Performance Measure	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2021 Target	FY 2022 Target	FY 2023 Target
Percentage of Closed Investigations Resulting in a Criminal, Administrative or Law Enforcement Action	90	89	91	92	90	85	85	79

*Excludes ARP Act of 2021 obligations.

Investigations Budget and Performance

($114,918,000 from direct appropriations, $700,000 from reimbursable sources):
TIGTA is statutorily mandated to protect the integrity of Federal tax administration. TIGTA accomplishes this mission through the investigative work conducted by the Office of Investigations (OI). Through its investigative programs, OI protects the integrity of the IRS and its ability to collect revenue owed to the Federal Government by investigating violations of criminal and civil law that adversely affect Federal tax administration, as well as administrative misconduct by IRS employees, which undermines the integrity of the Nation's voluntary tax system.

TIGTA's OI uses a performance model that focuses on three primary areas of investigative responsibility:

- Employee integrity;
- Employee and infrastructure security; and
- External attempts to corrupt tax administration.

The performance model uses a ratio of those investigations that have the greatest impact on IRS operations or the protection of Federal tax administration to the total number of investigations conducted. These performance measures guide OI's activities and demonstrate the value of TIGTA's investigative accomplishments to its external stakeholders.

Using investigative activities from FY 2020 and FY 2021 as a baseline, OI projects that it will receive approximately 7,000 complaints, open 2,600 investigations, close 2,500 investigations, and obtain approximately 125 criminal prosecutions in FY 2023. TIGTA's OI conducts investigations with the intent of securing an actionable outcome, such as a clearance letter, or a criminal, civil, or administrative action. However, not all investigations result in an actionable outcome due to numerous, uncontrollable variables. Based on the total investigative hours logged in 2021, OI invested an average of 290.9 hours to successfully generate an actionable outcome.

TIGTA's OI expects employee integrity investigations to increase in FY 2023 to pre-Coronavirus pandemic levels as IRS increases staff levels and employees return to office workplaces. Examples of TIGTA investigations into employee misconduct during FY 2021 include an IRS employee sentenced to 36 months imprisonment for obstructing the administration of an IRS criminal investigation. In another case, an IRS employee was sentenced to 30 months imprisonment for wire fraud and identity theft after using items obtained through an investigation to create a false identity and open a corporate entity.[4]

TIGTA has a statutory responsibility to identify, investigate, and respond to threats against IRS personnel and physical infrastructure. From FY 2012 through FY 2021, TIGTA processed more than 18,667 threat-related complaints and investigated more than 10,940 threats against IRS employees. In FY 2021, TIGTA responded to 16 percent more threat-related incidents than in FY 2020. For example, in FY 2021 a threat-related investigation involved the arrest of a man for assault on a Federal agent and felony possession of a firearm. The man fired a weapon at IRS Federal agents who were attempting to serve a subpoena at his residence.

TIGTA investigates criminal activity originating outside the IRS, such as impersonation of an IRS employee, attempted bribery of IRS employees, international cybercrime and identity theft, and procurement fraud. Since March 2020, TIGTA has seen an increase in external investigative activity resulting from the CARES Act and the ARP Act. TIGTA has oversight over the IRS's issuance of over $800 billion in Economic Impact Payments (EIP) in addition to the Paycheck Protection Program (PPP), Emergency Impact Disaster Loans, Recovery Rebates, and Payroll Protection Plan Loans through the CARES Act and ARP Act. During FY 2021, these types of cases represented 27 percent of OI's investigative work hours, an increase of 15 percent from FY 2020. From March 2020 to February 2022, these investigative efforts resulted in the initiation of 876 investigations, 301 indictments, 72 convictions, sentencing of over 149 years of incarceration, and more than $39 million in monetary recoveries and penalties.

An example of OI's investigations into criminal activity outside of the IRS is the fraudulent use of the IRS's Modernized Internet Employer Identification Number (MODIEIN) system to obtain CARES Act funding for fictitious businesses. Individuals used the EINs and other falsified IRS tax forms in order to submit applications to financial institutions to obtain PPP funding. In one example, a group of 22 coconspirators obtained EINs from the IRS and submitted loan applications, including multiple false documents, to obtain approximately $4 million through the PPP.

The manipulation and unauthorized access of IRS systems has been an increasing focus for TIGTA. For example, in FY 2022, an individual pled guilty to wire fraud and aggravated identity theft after he was identified as fraudulently accessing the IRS's eAuthentication Online Taxpayer System to unlawfully obtain personally identifiable information of taxpayers. The individual then filed fraudulent tax returns with the IRS using the unlawfully obtained

[4] The facts in the summarized cases on this page come from court documents of the respective jurisdiction.

information.

Investigations into telephonic IRS impersonation remain a high-priority area that resulted in 284 individuals charged in Federal court by the end of FY 2021. For example, an Indian-based Voice over Internet Protocol provider and its director were indicted in a first-of-its-kind indictment for conspiracy to commit wire fraud and wire fraud in connection with facilitating tens of millions of scam calls to American taxpayers on behalf of India-based phone scammers, causing a financial loss of more than $20 million. In FY 2021, TIGTA's investigative efforts resulted in more than $53.8 million in court ordered fines, penalties, and restitution.

Description of Performance
TIGTA uses the following performance measures to gauge the success of its investigations program:

- Percentage of Closed Investigations Resulting in a Criminal, Administrative, or Law Enforcement Action.

At the end of FY 2021, performance of this measure was 90 percent, which exceeded the full-year target of 85 percent. OI exceeded the FY 2021 target as a result of the diligent work of experienced executives, managers, and special agents.

Starting in FY 2022, TIGTA's OI will transition to a performance model that places greater emphasis on complex cases. These cases are often lengthier and require more time-intensive engagement from OI staff. This change in prioritization may result in a reduced actual for the Percentage of Closed Investigations Resulting in a Criminal, Administrative, or Law Enforcement Action performance measure. Therefore, the FY 2023 target for this measure is reduced to 79 percent. The target may be revised at a later date as the results of the revised performance model are evaluated. TIGTA's OI will continue to provide the IRS with the investigative coverage and information necessary to improve the integrity of IRS operations and mitigate threats against its employees, facilities, and data infrastructure. In addition, OI will maintain highly trained personnel available to address the significant vulnerabilities of taxpayer and IRS data and effectively combat compromises of IRS computer systems in the expanding digital environment of Federal tax administration, all of which contribute to maintaining the public's confidence in the safe, fair, and effective administration of the Federal tax system.

Inspections and Evaluations
TIGTA's Office of Inspections and Evaluations (I&E) identifies opportunities for improvement in IRS and TIGTA programs by performing inspections and evaluations that report timely, useful, and reliable information to decision makers and stakeholders.

Inspections are intended to provide factual and analytical information, monitor compliance, measure performance, assess the effectiveness and efficiency of programs and operations, share best practices, and inquire into allegations of waste, fraud, abuse and mismanagement.

Evaluations are intended to provide in-depth reviews of specific management issues, policies and programs, address Government-wide or multi-agency issues, and develop recommendations to streamline operations, enhance data quality, and minimize inefficient and ineffective procedures.

In FY 2021, I&E produced five external reports:
- Health and Safety Measures at Select IRS Facilities;
- Health and Safety Measures at Select Taxpayer Assistance Centers;
- Prior Recommendation Implementation;
- IRS's Oversight of Reported Sexual Harassment Allegations; and
- IRS's Pandemic Telework Program.

C – Changes in Performance Measures
TIGTA has no changes in performance measures.

Section III – Additional Information

A – Summary of Capital Investments
In addition to the funds requested in TIGTA's Congressional Justification, funds for TIGTA's IT operations are also requested through the Treasury Department Cybersecurity Enhancement Account. Please see the FY 2023 Cybersecurity Enhancement Account Congressional Justification for further information regarding the following initiative:

Data Logging and Retention, +$700,000 / +0 FTE
This investment supports TIGTA's plans to meet EO 14028, *"Improving the Nation's Cybersecurity"* and subsequent OMB M-21-31, *"Improving the Federal Government's Investigative and Remediation Capabilities Related to Cybersecurity Incidents."* TIGTA will continue strengthening and operating its enterprise logging solution to meet current and future demands to:
- Collect security event and system logs in real time for threat detection and compliance use cases;
- Analyze logs in real time and detect attacks and other activities of interest;
- Investigate incidents to determine their potential severity and impact on a business;
- Report on these activities; and
- Store relevant events and logs.

The investment will also enable TIGTA to perform the data collection needed to meet the requirements and help TIGTA to automate the identification of unauthorized disclosure or access (UNAX) while also vastly improving the cyber detection capabilities, as well as meeting the on-going demands for improved efficiencies around cyber incident detection and response. The request will fund 12 months and operations is contingent on continued funding; however, this will only fund one of the many unfunded cybersecurity demands for TIGTA.

Technology Investments – TIGTA has no major information technology investments. A summary of capital investments, including major information technology and non-technology investments, can be accessed at: investments.aspxhttps://www.treasury.gov/about/budget-performance/Pages/summary-of-capital-investments.aspx.

Department of the Treasury
Office of the Special Inspector General for TARP
(SIGTARP)

Congressional Budget Justification and Annual Performance Plan and Report

FY 2023

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Section I – Budget Request

A – Mission Statement

The mission of the Office of the Special Inspector General for the Troubled Asset Relief Program (SIGTARP) is to prevent and detect fraud, waste, and abuse in the more than $442 billion appropriated by Congress in the Emergency Economic Stabilization Act of 2008 (EESA) (P.L. 110-343) and $2 billion appropriated through the Consolidated Appropriations Act of 2016, and to promote economy, efficiency, effectiveness, and accountability in these economic stability programs.

SIGTARP received an initial appropriation of $50 million in permanent, indefinite budget authority in EESA. The Public-Private Investment Program Improvement and Oversight Act of 2009 (12 U.S.C. 5231a) provided $15 million in supplemental funding. Since 2010, SIGTARP has received annual appropriations to fund its operations.

B – Summary of the Request

The Fiscal Year (FY) 2023 Budget requests $9 million, a reduction of 47 percent from the FY 2022 President's budget and a 53 percent reduction from SIGTARP's FY 2021 enacted level. The proposed budget is intended to fund Congressionally mandated independent oversight of EESA programs through SIGTARP investigations (85 percent of request) and audits (15 percent).

SIGTARP prioritizes oversight of the ongoing EESA's Home Affordable Modification Program (HAMP) which provides foreclosure relief to more than 600,000 homeowners and will remain open beyond FY 2023. Treasury remains obligated/committed to pay $1.0 billion in HAMP to keep these homeowners in their homes. In FY 2020 - 2021, Treasury distributed $919.5 million under HAMP to bank and non-bank mortgage servicers for the benefit of servicers, investors, and borrowers including large banks (i.e., $91.7 million to Wells Fargo, $51.4 million to JP Morgan Chase, $49.4 million to Bank of America, and $17.7 million to Citigroup), and large non-banks (i.e., $233.6 million to Ocwen Financial, $117.7 million to Nationstar).

Despite HAMP's existence since 2009, mortgage servicers continue to be the subject of enforcement actions related to HAMP. On September 9, 2021, the Office of the Comptroller of the Currency (OCC) fined Wells Fargo $250 million and issued a cease-and-desist order for engaging in unsafe and unsound practices related to material deficiencies in decisions related to loss mitigation, including HAMP. The OCC found the bank's inadequate controls, insufficient independent oversight, and ineffective governance related to loss mitigation activities have caused the bank's failure to timely detect, prevent, and quantify inaccurate loan modification decisions and impaired the bank's ability to fully and timely remediate harmed customers. On December 7, 2020, Nationstar was the subject of an $86 million enforcement action brought by 51 attorneys general and the Consumer Finance Protection Bureau for violating consumer protections laws and harming 40,000 homeowners, including HAMP homeowners.

SIGTARP's work has led to recoveries for the government and other victims of $11.3 billion – a 29 times total return on investment (ROI) from SIGTARP's cumulative annual budgets.

In FY 2021, $222 million was recovered as a result of SIGTARP investigations, exceeding SIGTARP's FY 2021 $19 million enacted budget by nearly 12 times.
SIGTARP Investigations: $7.85 million (85 percent of FY 2023 budget request)
SIGTARP's law enforcement work has resulted in: (1) criminal prosecutions of 465 defendants (315 sentenced to prison, including 74 bankers); and (2) civil actions against 25 large Wall Street institutions and other entities.

SIGTARP's top law enforcement priority is to investigate and bring justice to unlawful conduct by financial institutions in HAMP. Our nation cannot have a resilient housing market run by financial institutions that violate the law. SIGTARP caught and investigated 121 foreclosure rescue scammers who were convicted after DOJ prosecutions. These scammers victimized nearly 31,000 homeowners seeking foreclosure relief through HAMP. For example, in 2021, three men were sentenced to prison, each for multimillion dollar scams against homeowners related to HAMP. A California man was sentenced to more than four years in prison in a nationwide $2.3 million fraud scam, under the names HOPE Services and HAMP Services, that victimized more than 400 homeowners related to HAMP. He was the fifth defendant sentenced to prison for this scam. The owner of Homesafe America was convicted for a $2.3 million scam against 500 homeowners related to HAMP. Additionally, a New York man was sentenced to six months in prison in a $9.4 million HAMP-related scam of New York homeowners. SIGTARP has additional open, confidential cases related to HAMP, including cases being worked in partnership with the Department of Justice.

SIGTARP also has open investigations in the Hardest Hit Fund, which we are actively working with prosecutors. This includes investigations of fraud and environmental/safety crimes such as illegal dumping, asbestos exposure, or contaminated dirt used in demolitions of blighted properties. SIGTARP has a long-standing record of finding fraud, environmental/safety crimes, and corruption in this program. For example, in FY 2021, an Illinois-based demolition contractor was sentenced and ordered to pay restitution for defrauding HHF in connection with demolitions in Hammond, Indiana. SIGTARP's investigation revealed that the contractor had improperly disposed of demolition debris, and had submitted false disposal, dumping, and fill dirt documentation to the City of Hammond. In addition, several individuals were prosecuted for defrauding HHF programs for unemployed homeowners.

SIGTARP also continues to support the Department of Justice in long-standing prosecutions related to TARP banks. For example, in 2021, the former Chief Executive Officer (CEO) of a TARP-recipient credit union was criminally charged and convicted of making a false statement to Treasury in connection with TARP. The CEO did not disclose to Treasury that the credit union had filed false call reports that reported millions of dollars of fictitious income to its federal regulator. SIGTARP's investigations have resulted in criminal prosecutions of 108 bankers and 100 of their co-conspirators. Courts sentenced 74 of the bankers to prison, along with 69 of their co-conspirators.

SIGTARP Audit: $1.15 million (15 percent of FY 2023 budget request)
SIGTARP's audits ensure that EESA programs are operating effectively and efficiently, that federal dollars are used as Congress intended, and that the government does not pay more for EESA than is necessary. In FY 2023, SIGTARP will prioritize identifying risk or vulnerabilities

in HAMP that could hurt homeowners and Treasury's goal for HAMP to provide affordable and sustainable housing. In August 2021, SIGTARP found that Treasury reduced its oversight of financial institutions that are HAMP servicers, and that servicers have violated HAMP rules by wrongfully cancelling homeowners out of HAMP, labelling homeowners as delinquent, and setting mortgage payments too high, along with other violations harming homeowners. In FY 2021, SIGTARP also questioned $13 million in the HHF blight program paid to contractors in Michigan despite missing required supporting cost documentation for clean backfill dirt to fill the demolition hole. SIGTARP recommended that Treasury recoup any excessive payments.

1.1 – Appropriations Detail Table

Dollars in Thousands

Appropriated Resources	FY 2021 Operating Plan		FY 2022 Annualized CR		FY 2023 Request		FY 2022 to FY 2023		% Change	
New Appropriated Resources	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**
Investigations	65	$16,550	59	$16,150	40	$7,850	(19)	($8,300)	-32.2%	-51.4%
Audits	9	$2,450	9	$2,850	5	$1,150	(4)	($1,700)	-44.4%	-59.6%
Subtotal New Appropriated Resources	**74**	**$19,000**	**68**	**$19,000**	**45**	**$9,000**	**(23)**	**($10,000)**	**-33.8%**	**-52.6%**
Other Resources*										
Resources from No Year Account	0	$3,000	0	$3,000	0	$7,500	0	$4,500	0	150.0%
Subtotal Other Resources	**0**	**$3,000**	**0**	**$3,000**	**0**	**$7,500**	**0**	**$4,500**	**0.0%**	**150.0%**
Total Budgetary Resources	**74**	**$22,000**	**68**	**$22,000**	**45**	**$16,500**	**(23)**	**($5,500)**	**NA**	**-25.0%**

FY 2021 Other Resources and Full-time Equivalents (FTE) reflect actuals.

•**Other Resources:** Amounts assume SIGTARP's full ability to use no-year funds.

1.2 – Budget Adjustments Table

Dollars in Thousands

Special Inspector General for TARP	FTE	Amount
FY 2022 Annualized CR	**68**	**$19,000**
Changes to Base:		
Maintaining Current Levels (MCLs):	0	537
Pay Annualization (2.7% average pay raise)		62
Pay Raise (2023 4.6% average pay raise)		319
Non-Pay		156
Subtotal Changes to Base	0	537
FY 2023 Current Services	**68**	**$19,537**
Program Changes:		
Program Decreases:	0	(10,537)
Reduction in FTE	(23)	(2,677)
Efficiency Savings	0	(360)
Realignment from Annual to No-Year Funding	0	(7,500)
Subtotal Program Changes	**0**	**($10,537)**
FY 2023 President's Budget Request	**45**	**$9,000**

C – Budget Increases and Decreases Description
Maintaining Current Levels (MCLs) .... +$537,000 / +0 FTE
Pay Annualization (2.7%) +$62,000 / +0 FTE
Funds are requested for annualization of the January 2022 2.7% average pay raise.

Pay Raise (4.6%) +$319,000 / +0 FTE
Funds are requested for a 4.6% average pay raise for January 2023.

Non-Pay +$156,000 / +0 FTE
Funds are requested for non-labor expenses such as travel, contracts rent, supplies, and equipment.

Program Decreases .... -$10,537,000 /-23 FTE
Staff Reduction -$2,677,000 / -23 FTE
Reduction in SIGTARP staff levels to 45 FTE. The reduction of FTE is part of the orderly wind down of SIGTARP.

Efficiency Savings -$360,000/ -0 FTE
Savings of $360,000 is the effect of reduction of FTE on Non-Personnel costs (training, travel, support services, etc.)

Realignment from Annual to No-Year Funding -$7,500,000/ -0 FTE
SIGTARP will fund a portion of its operations from its no-year account.

1.3 – Object Classification (Schedule O) Obligations

Dollars in Thousands

Object Classification	FY 2021 Actual Obligations	FY 2022 Estimated Obligations	FY 2023 Estimated Obligations
11.1 - Full-time permanent	6,867	7,250	4,250
11.3 - Other than full-time permanent	2,390	2,250	1,450
11.5 - Other personnel compensation	2,657	3,000	1,700
11.9 - Personnel Compensation (Total)	**11,914**	**12,500**	**7,400**
12.0 - Personnel benefits	2,596	2,450	1,700
Total Personnel and Compensation Benefits	**$14,510**	**$14,950**	**$9,100**
21.0 - Travel and transportation of persons	40	30	25
23.1 - Rental payments to GSA	1,250	800	800
23.3 - Communication, utilities, and misc charges	83	40	25
25.1 - Advisory and assistance services	146	20	10
25.2 - Other services	6	5	5
25.3 - Other goods and services from Federal sources	4,849	3,079	6,496
25.6 - Medical care	4	4	2
25.7 - Operation and maintenance of equip	2	2	2
26.0 - Supplies and materials	90	60	30
31.0 - Equipment	20	10	5
Total Non-Personnel	**$6,490**	**$4,050**	**$7,400**
Budgetary Resources	**$21,000**	**$19,000**	**$16,500**
FTE	**70**	**68**	**45**

D – Appropriations Language and Explanation of Changes

Appropriations Language	Explanation of Changes
DEPARTMENT OF THE TREASURY SPECIAL INSPECTOR GENERAL FOR THE TROUBLED ASSET RELIEF PROGRAM *Federal funds* SALARIES AND EXPENSES *For necessary expenses of the Office of the Special Inspector General in carrying out the provisions of the Emergency Economic Stabilization Act of 2008 (Public law 110-343), $9,000,000.* Note.--A full-year 2022 appropriation for this account was not enacted at the time the budget was prepared; therefore, the budget assumes this account is operating under the Continuing Appropriations Act, 2022 (Division A of P.L. 117-43, as amended). The amounts included for 2022 reflect the annualized level provided by the continuing resolution.	

E – Hiring Authority Proposal
Hiring Authority Similar to Other Special IGs
While SIGTARP is reducing its staffing, sometimes it suffers attrition in a critical role. SIGTARP is requesting additional special hiring authority to enable SIGTARP to backfill critical vacancies with qualified personnel. This authority is similar to the special authority available to the Office of the Special Inspector General for Afghanistan Reconstruction (SIGAR), pursuant to 5 U.S.C. 3161.

<u>Proposed Language</u>
'Sec. _________
Section 121 of the Emergency Economic Stabilization Act of 2008 (12 U.S.C. 5231) is amended in subsection (e)(1)(B)(ii) by striking "subparagraph" and all that follows through the period at the end and inserting "subparagraph, the Special Inspector General may not make any appointment that exceeds 18 months or that extends beyond the date on which the Special Inspector General terminates under subsection (k).".'

Section II – Annual Performance Plan and Report

A – Strategic Alignment
This year, SIGTARP is working to align budget activities and performance measures to the new objectives in the Treasury FY 2022 – 2026 Strategic Plan. This work will include benchmarking performance and may result in changes to performance measures in the FY 2024 budget.

In accordance with the Government Performance and Results Act Modernization Act (GPRAMA) of 2010, SIGTARP's Alignment with Treasury's Strategic Goals and Objectives are as follows:

Goal 1: Promote Equitable Economic Growth and Recovery
Objective 1.3 Economically Resilient Communities: Promote equable financial recovery and growth through support and flow of capital to small business, household, and underserved communities**.**

- SIGTARP investigates environmental/safety crimes (e.g., asbestos/lead exposure, contaminated dirt, illegal dumping), corruption, and fraud in HHF blight that hurts Treasury's goal of economically resilient communities as the blight program operated in underserved communities.
- SIGTARP's HAMP investigations and audits combats scams against homeowners and identifies violations of the law and/or HAMP rules that hurt homeowners.

Objective 1.4 Resilient Housing Market: Promote a stable and resilient housing market that expands fair and equable access to homeownership and affordable rental opportunities and protects taxpayers.

- HAMP remains critical to the economic growth and recovery of more than 600,000 Americans. HAMP provides fair access to homeownership through loss mitigation by modifying mortgages to be affordable and sustainable.
- SIGTARP's top law enforcement priority is to investigate and bring justice to unlawful conduct related to HAMP. Our nation cannot have a resilient housing market run by financial institutions that violate the law. SIGTARP also continues to support prosecution of HAMP-related scams.
- SIGTARP's top audit priority is to identify risk/vulnerabilities in HAMP that would hurt homeowners and Treasury's goal for HAMP to provide affordable and sustainable homeownership.

Goal 2: Enhance National Security
SIGTARP aligns with Objective 2.4: Transparency in the Financial System.

- Money laundering is a financial system vulnerability and can threaten national security. SIGTARP has ongoing criminal investigations of money laundering, including in the HHF blight program and TARP banks (i.e., Operation Phantom Bank, which led to 25 individuals being indicted for money laundering, including through TARP recipient, Saigon Bank, to finance international narcotics trafficking for the Sinaloa Drug Cartel).

Goal 3: Promote Financial Stability
SIGTARP aligns with Objective 3.1: Financial System Vulnerabilities.

- SIGTARP's investigations of bank and non-bank financial institutions in HAMP as well as TARP banks uncover financial system vulnerabilities.

Goal 4: Combating Climate Change

- SIGTARP's investigations of environmental crimes in HHF blight are related to Treasury's goal of combating climate change.

Goal 5: Modernize Treasury Operations
SIGTARP aligns with Objectives 5.1: Recruit/Retain Diverse & Inclusive Workforce, Objective 5.2: Future Work Routines, Objective 5.3: Better Use of Data and Objective 5.4: Customer Experience Practices.

- SIGTARP has a proven record of recruiting, retaining, and promoting a diverse and inclusive workforce.
- SIGTARP has decreased its workforce, footprint and non-government spending, while maximizing telework for future work.
- SIGTARP uses data to prioritize resources and determine which cases to pursue that will bring recoveries for the government and other victims. SIGTARP developed an intelligence and data-based method to find crime.
- SIGTARP leverages task forces and other partnerships. SIGTARP has achieved a lifetime return on investment (ROI) of 29 times its cumulative annual budgets. Every year, recoveries have exceeded SIGTARP's enacted budget.

B – Budget and Performance by Budget Activity
2.1.1 – Investigations Resources and Measures

Dollars in Thousands

Resource Level	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Annualized CR	FY 2023 Request
Appropriated Resources	$32,103	$28,855	$19,550	$18,920	$16,550	$16,150	$7,850
Resources from No Year Account	$82	$1,311	$1,000	$1,000	$3,000	$3,000	$7,500
Budget Activity Total	**$32,185**	**$30,166**	**$20,550**	**$19,920**	**$19,550**	**$19,150**	**$15,350**
Full-time Equivalents (FTE)	**114**	**106**	**87**	**72**	**65**	**59**	**40**

Performance Measure	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2021 Target	FY 2022 Target	FY 2023 Target
% of Cases Accepted for Consideration by Civil or Criminal Authorities Resulting in a Positive Final Outcome	81	79	77	77	77	77	70	50
% of Cases Presented to Civil or Criminal Authorities within Eight Months of Being Opened	80	85	75	75	71	71	65	50
% of Cases That are Joint Agency/Task Force Investigations	75	78	76	86	90	90	70	60

Key: Disc - Discontinue; B - Baseline

Investigations Budget and Performance
($7,850,000 from discretionary appropriations, $7,500,000 from other resources)
SIGTARP met all metric targets in FY 2021. The "Percentage of Cases Accepted for Consideration by Civil or Criminal Authorities Resulting in a Positive Final Outcome" in FY 2021 was 77 percent; the "Percentage of Cases Presented to Civil or Criminal Authorities within Eight Months of the Case Being Opened" was 71 percent; the "Percentage of Cases that are Joint Agency/Task Force Investigations" with other law enforcement agencies was 90 percent.

2.1.2 – Audit Resources and Measures

Dollars in Thousands

Resource Level	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Annualized CR	FY 2023 Request
Appropriated Resources	$7,530	$5,092	$3,450	$3,080	$2,450	$2,850	$1,150
Resources from No Year Account	0	$231	0	0	0	0	0
Budget Activity Total	**$7,530**	**$5,323**	**$3,450**	**$3,080**	**$2,450**	**$2,850**	**$1,150**
Full-time Equivalents (FTE)	**27**	**25**	**9**	**8**	**9**	**9**	**5**

Performance Measure	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2021 Target	FY 2022 Target	FY 2023 Target
Number of Completed Audit Products Identifying Waste, Abuse, Mismanagement, Inefficiencies, or Referrals to Investigations Division (units)	N/A	6	4	4	3	3	3	2

Key: Disc - Discontinue; B - Baseline

Audit Budget and Performance
($1,150,000 from discretionary appropriations)
SIGTARP met its FY 2021 audit performance target with three products.

C – Changes in Performance Measures

SIGTARP has no changes in performance measures.

Section III – Additional Information

A – Summary of Capital Investments

SIGTARP has no capital investments. Capital investments that support SIGTARP are included in the Departmental Offices' plan. A summary of capital investments, including major information technology and non-technology investments, can be accessed at: https://www.treasury.gov/about/budget-performance/Pages/summary-of-capital-investments.aspx. This website also contains a digital copy of this document.

Department of the Treasury Special Inspector General for Pandemic Recovery (SIGPR)

Congressional Budget Justification and Annual Performance Plan and Report

FY 2023

Contents

Section I – Budget Request

A – Mission Statement

To ensure that the American taxpayer gets the best return on investment by promoting the economy, efficiency, effectiveness, and integrity of Coronavirus Aid, Relief, and Economic Security (CARES) Act[1] funds and programs.

B – Summary of the Request

The Special Inspector General for Pandemic Recovery (SIGPR) received an initial appropriation of $25 million derived from amounts made available under Section 4027 of the CARES Act in March 2020. The Budget proposes appropriations language to provide SIGPR an additional $25 million in FY 2023 available until 2025. This funding is critical in ensuring that SIGPR's audit and investigative professionals perform at optimal levels with the necessary resources to protect the integrity of CARES Act funds.

SIGPR, an independent office within the Department of the Treasury (Treasury), was established by section 4018 of the CARES Act in March 2020. Mr. Brian Miller was confirmed by the U.S. Senate in June 2020 as the Special Inspector General for Pandemic Recovery. SIGPR continues to lead the way by providing oversight of Treasury activities under the CARES Act by conducting independent audits and investigations necessary to prevent and detect waste, fraud, and abuse in programs and operations. SIGPR's reduced CARES programs jurisdiction currently includes two significant programs, the Direct Loan Program (loans to air carriers and national security businesses consisting of 35 loans, 35 borrowers for $2.7B), and the Main Street Lending Program (loans to small and medium-sized for-profit businesses and nonprofit organizations consisting of 319 lenders, 1,830 loans for $17.5B). SIGPR conducts audits of these Treasury programs, investigates fraud by recipients of CARES Act funds, and makes recommendations designed to improve the administration of pandemic recovery programs. SIGPR also conducts criminal investigations into allegations of waste, fraud, and abuse while helping to ensure that SIGPR protects and secures taxpayer data.

SIGPR's Fiscal Year (FY) 2023 Budget request of $25,000,000 will enable SIGPR to conduct critical audit, legal, investigative, and inspection and evaluation services to protect the integrity of the covered funds under the CARES Act. SIGPR's FY 2021 Full-time equivalent (FTE) actuals equated to 35 (annualized FTE), reflecting the aggressive staffing build-up from 12 (September 30, 2020) to 56 FTEs onboard by September 30, 2021.

In accordance with the requirements of section 6(g)(1) of the Inspector General Act of 1978 (as amended),[2] SIGPR submits the following information in support of its appropriations request for FY 2023 operations:

- The aggregate appropriated funds request for the operations of SIGPR is $25,000,000.
- The portion of this amount needed for SIGPR training is $750,000, which satisfies all SIGPR training needs for FY 2023; and

[1] Pub. L. 116-136, 134 Stat. 281 (2020).
[2] 5 U.S.C. app. 3 § 6(g)(1); cf. 15 U.S.C. § 9053(c)(1) (directing SIGPR to perform enumerated duties "in accordance with" the Inspector General Act of 1978).

- The portion of this amount estimated in support the Council of Inspectors General on Integrity and Efficiency (CIGIE) is estimated to be $75,000.

Appropriations Detail

Dollars in Thousands

Appropriated Resources	FY 2021 Operating Plan		FY 2022 Annualized CR		FY 2023 Request		FY 2022 to FY 2023 % Change	
New Appropriated Resources	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**
Special Inspector General for Pandemic Recovery	0	$0	0	$0	66	$25,000	NA	NA
Subtotal New Appropriated Resources	**0**	**$0**	**0**	**$0**	**66**	**$25,000**	**NA**	**NA**
Other Resources								
Unobligated Balances from Prior Years	35	$11,100	38	$13,000	0	$0	-100%	NA
Reimbursables	0	0	0	25	0	100	0	N/A
Subtotal Other Resources	**35**	**$11,100**	**38**	**$13,000**	**0**	**$0**	**-100.0%**	**NA**
Total Budgetary Resources	**35**	**$11,100**	**38**	**$13,025**	**66**	**$25,100**	**73.7%**	**92.7%**

In FY 2020, an initial appropriation of $25M in no-year funds were provided to establish SIGPR under the CARES Act to expeditiously provide resources required for administrative, IT, general counsel, and external affairs to support the mission of SIGPR.
FY 2021 and FY 2022 Other Resources and Full-time Equivalents (FTE) reflect actuals (55 positions in September 2021 and 51 positions as of March 2022) in spending of carryover funds from the initial FY 2020 $25M appropriation.
The FY 2022 Budget included appropriations language to provide SIGPR an additional $25 million in unobligated mandatory funding from the CARES Act.

1.1 – Budget Adjustments

Dollars in Thousands

	FTE	Amount
FY 2022 Operating Level	**38**	**$13,000**
Changes to Base:		
2023 Maintaining Current Levels (MCLs):	0	$445
Pay Annualization (2.7% average pay raise)		$58
Pay Raise (4.6% average pay raise)		$299
Non-Pay		$88
Other Adjustments:		
Adjustments to Meet Current Operating Levels	14	$7,000
Subtotal Changes to Base	14	$7,445
FY 2023 Current Services	**52**	**$20,445**
Program Changes:		
Program Increases:		
Audits and Investigations	14	$4,555
FY 2023 President's Budget Request	**66**	**$25,000**

Note: The FY 2022 Operating Level reflects annualized FTE level based on available carryover resources. SIGPR did not receive funding through the 2022 Continuing Resolution (CR).

C – Budget Increases and Decreases Description

Maintaining Current Levels (MCLs).. +$445,000 / +0 FTE

Pay Annualization (2.7%) +$58,000 / +0 FTE

Funds are requested for annualization of the January 2022 2.7% average pay raise.

Pay Raise (4.6%) +$299,000 / +0 FTE

Funds are requested for a 4.6% average pay raise in January 2023.

Non-Pay +$88,000 / +0 FTE
Funds are requested for non-labor expenses such as travel, contracts, rent, supplies and equipment.

Other Adjustments………………………………………………………+7,000,000 / +14 FTE
Adjustments to Meet Current Operating Levels +$7,000,000 / +14 FTE
As of March 2022, SIGPR employed 52 FTE that are critical to SIGPR's audits and investigations work. Funding is requested to maintain current operating levels and to avoid cuts to mission-critical FTEs.

Program Increases ………………………………………..……………+$4,555,000 / +14 FTE
Audits and Investigations +$4,555,000 / +14 FTE
Funding is requested for increased audits and investigations staffing to administer the expected significant increase in active case load and the expected DOJ prosecutorial team support requirements in FY 2023. Additionally, funds are requested for the acquisition of cutting-edge technology for predictive data analytics for adequate analysis of complex data to enhance detection of CARES Act funds waste, fraud, and abuse, while bringing lawbreakers to justice, seizing ill-gotten gains, and collecting court-ordered restitution.

1.2 – Object Classification (Schedule O) Obligations

Dollars in Thousands

Object Classification	FY 2021 Actual Obligations	FY 2022 Estimated Obligations	FY 2023 Estimated Obligations
11.1 - Full-time permanent	5,873	8,000	12,000
11.9 - Personnel Compensation (Total)	**5,873**	**8,000**	**12,000**
12.0 - Personnel benefits	1,578	2,000	3,000
Total Personnel and Compensation Benefits	**$7,451**	**$10,000**	**$15,000**
23.1 - Rental payments to GSA	457	1,000	1,000
25.3 - Other goods and services from Federal sources	3,215	2,000	6,000
Total Non-Personnel	**$3,672**	**$3,000**	**$7,000**
Total Obligations	**$11 ,123**	**$13,000**	**$22,000**
Full-time Equivalents (FTE)	**35**	**38**	**66**

In FY 2020, an initial appropriation of $25M in no-year funds were provided to establish SIGPR under the CARES Act to expeditiously provide resources required for administrative, IT, general counsel, and external affairs to support the mission of SIGPR.
FY 2021 and FY 2022 Other Resources and Full-time Equivalents (FTE) reflect actuals (55 positions in September 2021 and 51positions as of March 2022) in spending of carryover funds from the initial FY 2020 $25M appropriation.
The FY 2022 Budget included appropriations language to provide SIGPR an additional $25 million in unobligated mandatory funding from the CARES Act.

D –Appropriations Language and Explanation of Changes

Appropriations Language	Explanation of Changes
DEPARTMENT OF THE TREASURY SPECIAL INSPECTOR GENERAL FOR PANDEMIC RECOVERY *Federal Funds* SALARIES AND EXPENSES *For necessary expenses of the Office of the Special Inspector General for Pandemic Recovery in carrying out section 4018 of the Coronavirus Aid, Relief, and Economic Security Act of 2020 (Public Law 116-136), in addition to amounts otherwise available for that purpose, $25,000,000 shall remain available until September 30, 2025.* Note. —A full-year 2022 appropriation for this account was not enacted at the time the budget was prepared; therefore, the budget assumes this account is operating under the Continuing Appropriations Act, 2022 (Division A of P.L. 117-43, as amended). The amounts included for 2022 reflect the annualized level provided by the continuing resolution.	

E – Legislative Proposals

SIGPR has no legislative proposals

Section II – Annual Performance Plan and Report

A – Strategic Alignment
SIGPR, an independent office within the Department of the Treasury (Treasury), was established by section 4018 of the CARES Act in 2020. It provides oversight of Treasury activities under the CARES Act by conducting independent audits, investigations, and inspections and evaluations necessary to prevent and detect waste, fraud, abuse and mismanagement in programs and operations. SIGPR conducts audits of these Treasury programs, investigates fraud by recipients of CARES Act funds, and makes recommendations designed to improve the administration of section 4018 of the CARES Act. SIGPR also conducts criminal investigations into allegations of waste, fraud, abuse, and mismanagement while helping to ensure that SIGPR protects and secures taxpayer data.

SIGPR's budget activities and performance measures align to the new objectives in the Treasury FY 2022 – 2026 Strategic Plan. This work will include benchmarking performance and may result in changes to performance measures in the FY 2024 budget.

Priority 1: Highly Impactful Work
SIGPR offices of audit and investigations deliver timely, relevant, and highly impactful results.

SIGPR's objectives are to identify risk and weaknesses in program areas within SIGPR's jurisdiction and recommend solutions that help mitigate fraud, waste, abuse, and mismanagement. In doing so, SIGPR employs risk-based approaches to prioritize and target audits and investigations in areas that provide the greatest impact and address the highest risks.

SIGPR achieves these objectives through several strategies. SIGPR provides timely information, conclusions, and recommendations to SIGPR stakeholders for appropriate action and resolution. The offices of audit and investigations design and implement a comprehensive process that identifies, prioritizes, and assesses risks. Both offices develop and implement a process for proactive efforts that focus on high dollar loans or high impact projects. SIGPR leverages data analytics to identify meaningful indicators of fraud or misuse of CARES Act funds. Finally, SIGPR allocates resources to projects that address the highest risk and most vulnerable areas.

Priority 2: Integrity in Oversight Work
SIGPR offices of audits and investigations delivers accurate, professional, independent, and actionable work products.

SIGPR's objective is to employ work processes that drive the timely completion of accurate, relevant, and impactful projects that adhere to professional standards.

To do so, SIGPR develops policies, processes, and procedures to ensure that SIGPR work complies with the quality standards used in the federal inspector general community. The offices of audit and investigations ensure that projects and work products comply with professional standards, including, but not limited to the Government Auditing Standards and Quality Standards for Investigations. Finally, SIGPR participates in the CIGIE audit and investigation external peer review process.

Priority 3: Inclusiveness and Innovation
SIGPR promotes a diverse and inclusive culture that is innovative, high performing, and engaged.

SIGPR's objectives are to recruit and retain diverse, high-performing talent; to use innovative techniques and approaches that improve efficiency and effectiveness; and to promote transparent and timely communications and inclusiveness.

SIGPR employs several strategies to do so. SIGPR develops a recruitment strategy that targets the knowledge and skills necessary to meet the mission critical needs of the organization and provides opportunities for continuous development and professional growth to meet current and future needs of the organization. SIGPR provides a work environment that promotes a positive work-life balance. SIGPR provides data analytic capabilities to support projects. SIGPR also collaborates with other agencies to leverage best practices, tools, data, and technologies.

Priority 4: Effective Collaboration and Outreach
SIGPR will work with oversight partners and others to ensure efficiency, effectiveness, and transparency in SIGPR's work.

SIGPR's objective is to leverage strategic communications to expand outreach to and collaboration with SIGPR's stakeholders and partners, as well as to communicate SIGPR's findings to Executive Branch leaders, Congress, and the public.

To do so, SIGPR builds strong relationships with internal and external partners and stakeholders to identify emerging trends of fraud, waste, and abuse and share best practices. SIGPR develops a communications plan for outreach and collaboration and reports on SIGPR findings and activities. Finally, SIGPR tracks, analyzes, and reports on Department of the Treasury CARES Act relief.

B – Budget and Performance by Budget Activity
Audit Budget and Performance
SIGPR's Office of Audit (OA) conducts audits, reviews, and evaluations of loans, loan guarantees, and other investments made by Treasury under programs established under the CARES Act as well as Treasury's management of programs established under the CARES Act. The Office of Audits takes an analytic approach to auditing CARES Act programs and has populated databases with CARES Act funding recipient information. The office is calculating individual risk scores to pinpoint where auditing resources can be best applied. The office also refers instances of suspected abuse to other SIGPR offices and outside entities.
The most recent highlights include:

- On September 23, 2021, SIGPR published its survey results for both approved and non-approved Direct Loan Program applicants. The survey results are a compilation and summary of feedback that SIGPR requested from air passenger carriers and related businesses, air cargo carriers, and businesses critical to maintaining national security. SIGPR is using the survey responses to identify trends, both positive and negative, associated with the Direct Loan Program and identify program areas requiring additional oversight.
- On September 29, 2021, SIGPR published its Fiscal Year 2022 audit plan (https://www.sigpr.gov/sites/sigpr/files/2021-10/SIGPR-A-21-004.pdf). To identify areas for audit SIGPR met with the Department of the Treasury's Chief Recovery Officer and the

White House's team responsible for overseeing the implementation of the American Rescue Plan Act of 2021. As described above, we expanded the Audit of the Direct Loan Program to include separate attestation reviews of applicable submissions. SIGPR anticipates issuing the first of these attestation reviews by March 2022 and a final report on the overall Direct Loan Program by September 2023. SIGPR will deconflict and coordinate with the Office of Inspector General for the Board of Governors of the Federal Reserve System and other interested parties, as it refines the focus of its audits.

- SIGPR is engaged in a joint effort with Department of Defense (DoD) Inspector General in an audit of national security designations for businesses to evaluate how the DoD determined that CARES Act business loans are critical to maintaining national security.
- As part of SIGPR's ongoing audit of the Direct Loan Program, SIGPR initiated a new set of attestation reviews of a select number of the 35 recipients' application submissions to determine whether Treasury acquired all required documents from each applicant prior to approving the applicant for funding from the Direct Loan Program.
- SIGPR began an audit of Treasury's monitoring of borrowers' compliance with the Direct Loan Program and held an entrance conference with Treasury on December 1, 2021.
- On January 27, 2022, SIGPR published the results of its survey of the Main Street Lending Program's lender banks and small and mid-sized businesses and nonprofit organization borrowers. Fifty-eight banks and 627 borrowers responded to the survey. Treasury invested more than $37.5 billion to support eligible loans. Both lenders and borrowers responded that the program enabled businesses to continue operating during the pandemic and that the program met their expectations. In addition, nearly all surveyed lenders and borrowers responded that they would be willing to participate in a similar program in the future. However, some borrowers and lenders indicated that they thought the process was complex and that loan eligibility requirements made it difficult to qualify for a loan. In addition, some borrowers commented that it was difficult to find banks that were willing to participate in the program.
- In February 2022, SIGPR initiated an audit of direct loan recipients' use of lobbying. Eleven businesses qualified for loans under this program based on their designations as businesses critical to national security. These loans totaled approximately $736 million. The purpose of the audit will be to determine how direct loan recipients obtained their designations as businesses critical to maintaining national security and determine what, if any role lobbying played in the loan process.

The OI Data Analytics Division plays an integral role in SIGPR's mission and success. In support of SIGPR's mission, the data analytic platform uses sophisticated software and tools that process large quantities of data and analyze them to detect potential program fraud and misuse. The Data Analytics Division has developed a data library containing over 72 million rows of CARES Act funding information, drawn from both public and sensitive sources, and updates the library at least quarterly to maintain accurate and relevant information. This division also provides valuable forensic auditing services, including financial records analysis, in support of investigations conducted by the Office of Investigations (OI). OA is examining numerous requests for investigative support by OI. Additionally, the Data Analytics Division meets with the Pandemic Response Accountability Committee where several agencies discuss analytic methods and share databases. SIGPR uses two performance measures to gauge the success of its audit program:

Description of Performance

- Percentage of Audit Products Delivered to Stakeholders by the Due Date – SIGPR's products will have a more significant impact if they are delivered when needed to support congressional and Treasury decision making. SIGPR baselined this measure in FY 2020 and met its target of 100 percent in FY 2021. The target is for 66 percent in both FY 2022 and FY 2023.

  To determine whether products are timely, SIGPR will track the percentage of audit products that are delivered on or before the established completion date. SIGPR has established a yearly completion target of 66.6 percent for the timely issuance of its audit products. However, as a newly established IG, SIGPR had only one issued audit product in FY 2020 to measure against this goal; this product was issued timely.

- Percentage of Audit Products Subjected to Implementation Reviews - The SIGPR Office of Audits has established a process to review and verify the implementation actions taken by Treasury on SIGPR recommendations. This measure assesses SIGPR's effect on improving Treasury's accountability, operations, and services. SIGPR baselined this measure in FY 2021 and has a target of 50 percent for both FY 2022 and FY 2023.

As part of the audit process, Treasury provides a written response and action plan to address SIGPR audit recommendations. Audit resolution is achieved when SIGPR accepts Treasury's time phased plan of action to implement each recommendation. To determine when a recommendation is implemented, SIGPR uses the Department of the Treasury's Joint Audit Management Enterprise System (JAMES) to track the implementation status of audit recommendations. In addition, the Office of Audits will perform selective reviews of prior audit reports to verify whether appropriate corrective action as stated in the proposed action plan has been taken by management. SIGPR has established a target of conducting implementation reviews on 50 percent of all audit products listed as implemented in JAMES during the preceding fiscal year.

In FY 2021, SIGPR conducted an implementation review on the audit product issued in the prior fiscal year and found that Treasury management had fully implemented the report's recommendation.

For FY 2022, the target for Percentage of Audit Products Delivered When Promised to Stakeholders will remain at 66.6 percent. The target for conducting Implementation Reviews will also remain at 50 percent. SIGPR believes that these targets are best attained through effective monitoring of ongoing audit work and essential communication with the Treasury regarding findings and the most appropriate recommendations for corrective action. Consequently, SIGPR's Office of Audits will continue to accentuate the importance of these processes with Treasury leadership.

Investigations Budget and Performance

SIGPR's Office of Investigations (OI) conducts criminal and civil investigations related to allegations of fraud, abuse, or misconduct involving CARES Act funds and programs within SIGPR's jurisdiction. In addition, OI manages SIGPR's hotline, which serves as a primary avenue

for reporting fraud, waste, abuse, or misconduct. The office reviews and assesses complaints, develops proactive efforts in concert with SIGPR's other components, and pursues investigations potentially involving millions of dollars in CARES Act-related funding.
OI also continues coalition building and leveraging professional relationships with its colleagues across the Inspector General community, as well as working collaboratively with other Offices of Inspectors General, the Pandemic Response Accountability Committee (PRAC) Fraud Task Force, the Department of Justice (DOJ) COIVD-19 Fraud Enforcement Task Force, Financial Crimes Enforcement Network, and other federal Offices of Inspectors General and law enforcement agencies to uncover large-scale and far-reaching fraud, waste, and abuse of CARES program funds. The office also supports the DOJ COVID-19 fraud enforcement task force, including involvement on subcommittees.

The most recent highlights include:

- Notable case trendline growth by steadily increasing quantity of investigative case load to a total of 28 open cases, in addition to 9 closed cases, and 23 preliminary inquiries converted to full investigations. This growth represented more than a 400 percent increase over a nine-month period in FY 2021.
- SIGPR's proactive initiatives accounted for initiating more than 80 percent of its casework to date.
- The Pandemic Response Accountability Committee (PRAC) extended its authority to investigate pandemic-related fraud to SIGPR through a Memorandum of Understanding, resulting in four SIGPR special agents assigned to the PRAC Fraud Task Force on a part-time basis.

In less than one year after staffing OI with criminal investigators (special agents):

- SIGPR obtained its first indictment, involving false statements to fraudulently obtain more than $1.6M in federal funds for business loans intended to relieve financial distress caused by the COVID-19 pandemic.
- In early January 2022, a SIGPR-initiated investigation resulted in a guilty plea related to a loan obtained through the Main Street Lending Program, a lending facility established by the Federal Reserve Board and supported with Treasury's investment in CARES Act funds. As part of the plea, it was agreed to include court-ordered restitution in the amount of $252,143.
- SIGPR conducted various outreach efforts to include participating in the Federal Bureau of Investigation's Bank Fraud Conference, training Civil and Criminal Assistant U.S. Attorneys on CARES Act programs, and coordinating with the Department of Justice Fraud Sections (Civil and Criminal), as well as U.S. Attorney's Offices throughout the country to deconflict and develop leads.

Description of Performance

SIGPR is continuing to develop/refine performance measures for the Investigations programs. Below is an Investigative Fact Sheet with potential key metrics:

Behind the SIGPR Badge - Investigative Fact Sheet	
Hotline Complaints	
Hotline Complaints Received	**1,503**
Referrals to Other Agencies	**376**
Investigations	
Ongoing*	**28**
Closed	**9**
Preliminary Inquiries Converted to Full Investigations	**23**
Criminal Actions+	
Referrals to the Department of Justice	**14**
Indictments/Criminal Information	**2**
Arrests/Summons	**2**
Convictions/Pleas	**1**
Civil Actions	
Referrals to the Department of Justice**	**2**
Other Enforcement Actions	
IG Subpoenas Issued	**11**
Investigative Monetary Results	
Funds Seized	**$507,477**

* Includes all SIGPR program-related cases, including PRAC Fraud Task Force investigations and joint investigations with other agencies.

\+ Actions reported include those resulting from PRAC Fraud Task Force investigations and joint investigations with other agencies.

** Note: Same case may have been referred to DOJ both criminally and civilly.

SIGPR Attorneys
SIGPR's Office of General Counsel, which includes many former federal prosecutors and staff with experience in the financial sector, assist with proactive initiatives, investigations, and prosecutions, including lead-development, charging, restitution, filter team, and forfeiture support.

Section III – Additional Information

A – Summary of Capital Investments

SIGPR has no capital investments. Capital investments that support SIGPR are included in the Departmental Offices plan.

A summary of capital investment resources, including major information technology and non-technology investments can be found at: https://www.treasury.gov/about/budget-performance/Pages/summary-of-capital-investments.aspx

Department of the Treasury
Community Development Financial Institutions Fund

Congressional Budget Justification and Annual Performance Plan and Report

FY 2023

Table of Contents

Section I – Budget Request

A – Mission Statement
To expand economic opportunity for underserved people and communities by supporting the growth and capacity of a national network of community development lenders, investors and financial service providers.

B – Summary of the Request
The Community Development Financial Institutions Fund (CDFI Fund) requests the following for fiscal year (FY) 2023:

- $215.4 million for the Community Development Financial Institutions Program (CDFI Program) to provide Financial Assistance (FA) and Technical Assistance (TA) awards, training and technical assistance. Through the CDFI Program, the CDFI Fund makes awards to invest in and build the capacity of Community Development Financial Institutions (CDFIs) to serve low-income communities lacking adequate access to affordable financial products and services. Increased investment in the CDFI Program supports the need for greater capital flow to communities and geographies where access to capital is least efficient and most needed, including rural areas and persistent poverty counties, and to CDFIs seeking to build both capital and capacity to deploy resources. The proposed budget supports FA and TA awards to CDFIs to further goals that include, among others:
  - Economic development (job creation, small business lending, and commercial real estate development);
  - Affordable housing development (housing development and homeownership);
  - Provision of financial services (such as basic banking services to underserved communities); and
  - Provision of development services (such as financial literacy or homebuyer counseling and education).

- $2 million for the AmeriCorps CDFI Economic Mobility Corps, to be operated in conjunction with Corporation for National and Community Service (CNCS) to place national service members at Certified CDFI's to strengthen the capacity of CDFI's to perform activities related to financial literacy, financial planning, and other financial counseling activities, giving priority to positions in rural areas and to veterans.

- $26 million for the Bank Enterprise Award Program (BEA Program), which incentivizes insured banks and thrifts to invest in Certified CDFIs and increase their lending and financial services in economically distressed communities.

- $21.5 million for FA and TA awards for the Native CDFI Assistance Program (NACA Program), which provides awards and training to CDFIs that primarily serve Native Communities and to entities proposing to become or create Native CDFIs. These awards will increase access to credit, capital, and financial services in Native Communities.

- $35 million in administrative funding to support a variety of purposes, including:
  - Staffing and resource demands created by significant growth across all programs, including the NMTC Program and the CDFI Bond Guarantee Program (BG Program);
  - Administration of non-monetary programs and activities, including compliance monitoring and CDFI Certification;
  - Enhancement of the Awards Management Information System (AMIS) including automation of key elements of the compliance, certification, program administration, research, reporting systems, and continuing improvements for operational efficiency and effectiveness; and
  - Continued refinement of the CDFI Program Assessment and Risk Management (ARM) Framework - a suite of tools that the CDFI Fund uses to assess the financial and programmatic risk of CDFI Program applicants and award recipients, enhance data-driven decision-making, and mitigate post-award compliance reporting risks.

- $23 million for Healthy Food Financing Initiative (HFFI) awards to CDFIs to expand financing for healthy food options in underserved urban and rural communities.

- $8.5 million for the Small Dollar Loan Program (SDL Program) to provide grants for Loan Loss Reserves and Technical Assistance to Certified CDFIs to establish and maintain small dollar loan programs. The SDL Program funding is intended to expand consumer access to mainstream financial institutions by providing alternatives to high cost small dollar lending. The SDL Program funding is also intended to help unbanked and underbanked populations build credit, access affordable capital, and allow greater access into the mainstream financial system.

1.1 – Appropriations Detail Table

Dollars in Thousands

Appropriated Resources	FY 2021 Operating Plan		FY 2022 Annualized CR		FY 2023 Request		FY 2022 to FY 2023 % Change	
New Appropriated Resources	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**
Community Development Financial Institutions Fund Program	0	$165,000	0	$165,000	0	$215,383	NA	30.5%
Economic Mobility Corps	0	$2,000	0	$2,000	0	$2,000	NA	0.0%
Bank Enterprise Award Program	0	$26,000	0	$26,000	0	$26,000	NA	0.0%
Native American CDFI Assistance Program	0	$16,500	0	$16,500	0	$21,500	NA	30.3%
Administrative	67	$29,000	82	$29,000	89	$35,037	8.5%	20.8%
Healthy Food Financing Initiative	0	$23,000	0	$23,000	0	$23,000	NA	0.0%
Small Dollar Loan Program	0	$8,500	0	$8,500	0	$8,500	NA	0.0%
Subtotal New Appropriated Resources	**67**	**$270,000**	**82**	**$270,000**	**89**	**$331,420**	**0.0%**	**22.7%**
Other Resources								
User Fees	0	$1,186	0	$1,250	0	$1,350	NA	8.0%
Recoveries from Prior Years	0	$405	0	$500	0	$500	NA	0.0%
Unobligated Balances from Prior Years	0	$13,569	0	$218,045	0	$28,000	NA	-87.2%
Subtotal Other Resources	**0**	**$15,160**	**0**	**$219,795**	**0**	**$29,850**	**NA**	**-86.4%**
Total Budgetary Resources	**67**	**285,160**	**82**	**$489,795**	**89**	**$361,270**	**8.5%**	**-26.2%**

FY 2021 Other Resources and Full-time Equivalents (FTE) reflect actuals.

1.2 – Budget Adjustment Table

Dollars in Thousands

	FTE	Amount
FY 2022 Annualized CR	**82**	**$270,000**
Program Changes:		
Program Increases:	7	$61,420
CDFI Program	0	$50,383
Native American CDFI Assistance (NACA) Program	0	$5,000
Administration	7	$6,037
FY 2023 President's Budget Request	**89**	**$331,420**

C – Budget Increases and Decreases Description

Program Increases ....+$61,420,000/ +7 FTE

CDFI Program +$50,383,000 / +0 FTE

The CDFI Fund will increase the amount of Financial FA and TA awards. An increase of $50.4 million to the CDFI Program will result in larger FA awards to increase the number of business and microenterprise loans, home improvement and purchase loans, residential real estate transactions, and other consumer loans and products offered by CDFI awardees. This increase would also support Small and/or Emerging Community Development Financial Assistance applicants and provide more funding for capacity building grants through the technical assistance component.

NACA Program +$5,000,000 / +0 FTE

The CDFI Fund will increase the NACA Program by $5 million, which will result in larger FA awards to increase the number of business and microenterprise loans, home improvement and purchase loans, residential real estate transactions, and other consumer loans and products in Native Communities. It will also be used to increase participation by Native communities by improving technical assistance and capacity building for Native CDFIs.

Administration +$6,037,000 / +7 FTE

An increase of $6 million in administration funding will support the hiring of seven new staff for program, compliance, certification, performance reporting and data collection, and IT system development and enhancements. It will support research on the growth and self-sufficiency of the CDFI Sector and its impact on underserved communities, minorities and economic inequality. In addition, it will enable the CDFI Fund to prepare for updating all its program eligibility data based on the forthcoming Decennial Census data, and update the CDFI Information Mapping System (CIMS) used for compliance and performance reporting across programs. Finally, it will provide more support for IT contracts related to system enhancement and development, especially new program applications and improved efficiency and automation of compliance and certification validation processes.

1.3 – Object Classification (Schedule O) Obligations

Dollars in Thousands

Object Classification	FY 2021 Actual Obligations	FY 2022 Estimated Obligations	FY 2023 Estimated Obligations
11.1 - Full-time permanent	9,279	10,319	11,687
11.9 - Personnel Compensation (Total)	**9,279**	**10,319**	**11,687**
12.0 - Personnel benefits	3,193	3,489	3,994
Total Personnel and Compensation Benefits	**$12,472**	**$13,808**	**$15,681**
21.0 - Travel and transportation of persons	-	70	70
24.0 - Printing and reproduction	9	2	5
25.1 - Advisory and assistance services	4,983	1,743	3,700
25.2 - Other services from non-Federal sources	33	150	135
25.3 - Other goods and services from Federal sources	7,598	12,159	10,400
25.7 - Operation and maintenance of equipment	113	2,600	3,850
26.0 - Supplies and materials	23	45	50
31.0 – Equipment	4,530	6,494	3,923
41.0 - Grants, subsidies, and contributions	53,175	446,000	322,000
Total Non-Personnel	**$70,464**	**$469,263**	**$344,133**
New Budgetary Resources	**$82,936**	**$483,071**	**$359,814**
Full-time Equivalents (FTE)	**67**	**82**	**89**

Amounts reflect obligations of annually appropriated resources, carryover balances, reimbursables, and transfers.

D – Appropriations Language and Explanation of Changes

Appropriations Language	Explanation of Changes
DEPARTMENT OF THE TREASURY COMMUNITY DEVELOPMENT FINANCIAL INSTITUTIONS FUND SALARIES AND EXPENSES *To carry out the Riegle Community Development and Regulatory Improvement Act of 1994 (subtitle A of title I of Public Law 103–325), including services authorized by section 3109 of title 5, United States Code, but at rates for individuals not to exceed the per diem rate equivalent to the rate for EX-III, $331,420,000. Of the amount appropriated under this heading—* *(1) not less than $217,383,000, notwithstanding section 108(e) of Public Law 103–325 (12 U.S.C. 4707(e)) with regard to Small and/or Emerging Community Development Financial Institutions Assistance awards, is available until September 30, 2024, for financial assistance and technical assistance under subparagraphs (A) and (B) of section 108(a)(1), respectively, of Public Law 103–325 (12 U.S.C. 4707(a)(1)(A) and (B)), of which up to $1,600,000 may be available for training and outreach under section 109 of Public Law 103–325 (12 U.S.C. 4708), of which up to $3,153,750 may be used for the cost of direct loans, of which up to $6,000,000, notwithstanding subsection (d) of section 108 of Public Law 103–325 (12 U.S.C. 4707 (d)), may be available to provide financial assistance, technical assistance, training, and outreach to community development financial institutions to expand investments that benefit individuals with disabilities, and of which not less than $2,000,000 shall be for the Economic Mobility Corps to be operated in conjunction with the Corporation for National and Community Service, pursuant to 42 U.S.C. 12571: Provided, That the cost of direct and guaranteed loans, including the cost of modifying such loans, shall be as defined in section 502 of the Congressional Budget Act of 1974: Provided further, That these funds are available to subsidize gross obligations for the principal amount of direct loans not to exceed $25,000,000: Provided further, That of the funds provided under this paragraph, excluding those made to community development financial institutions to expand investments that benefit individuals with disabilities and those made to community development financial institutions that serve populations living in persistent poverty counties, the CDFI Fund shall prioritize Financial Assistance awards to organizations that invest and*	

lend in high-poverty areas: Provided further, That for purposes of this section, the term "high-poverty area" means any census tract with a poverty rate of at least 20 percent as measured by the 2011–2015 5-year data series available from the American Community Survey of the Bureau of the Census for all States and Puerto Rico or with a poverty rate of at least 20 percent as measured by the 2010 Island areas Decennial Census data for any territory or possession of the United States; *(2) Not less than $21,500,000, notwithstanding section 108(e) of Public Law 103–325 (12 U.S.C. 4707(e)), is available until September 30, 2024, for financial assistance, technical assistance, training, and outreach programs designed to benefit Native American, Native Hawaiian, and Alaska Native communities and provided primarily through qualified community development lender organizations with experience and expertise in community development banking and lending in Indian country, Native American organizations, Tribes and Tribal organizations, and other suitable providers;* *(3) not less than $26,000,000 is available until September 30, 2024, for the Bank Enterprise Award program;* *(4) not less than $23,000,000, notwithstanding subsections (d) and (e) of section 108 of Public Law 103–325 (12 U.S.C. 4707(d) and (e)), is available until September 30, 2024, for a Healthy Food Financing Initiative to provide financial assistance, technical assistance, training, and outreach to community development financial institutions for the purpose of offering affordable financing and technical assistance to expand the availability of healthy food options in distressed communities;* *(5) not less than $8,500,000 is available until September 30, 2024, to provide grants for loan loss reserve funds and to provide technical assistance for small dollar loan programs under section 122 of Public Law 103–325 (12 U.S.C. 4719): Provided, That sections 108(d) and 122(b)(2) of such Public Law shall not apply to the provision of such grants and technical assistance;* *(6) up to $35,037,000 is available until September 30, 2023, for administrative expenses, including administration of CDFI Fund programs and the New Markets Tax Credit Program, of which not less than $1,000,000 is for the development of tools to better assess and inform CDFI investment performance and CDFI*	

Fund program impacts, and up to $300,000 is for administrative expenses to carry out the direct loan program; and *(7) during fiscal year 2023, none of the funds available under this heading are available for the cost, as defined in section 502 of the Congressional Budget Act of 1974, of commitments to guarantee bonds and notes under section 114A of the Riegle Community Development and Regulatory Improvement Act of 1994 (12 U.S.C. 4713a): Provided, That commitments to guarantee bonds and notes under such section 114A shall not exceed $500,000,000: Provided further, That such section 114A shall remain in effect until December 31, 2023: Provided further, That of the funds awarded under this heading, except those provided for the Economic Mobility Corps, not less than 10 percent shall be used for awards that support investments that serve populations living in persistent poverty counties: Provided further, That for the purposes of this paragraph and paragraph (1), the term "persistent poverty counties" means any county, including county equivalent areas in Puerto Rico, that has had 20 percent or more of its population living in poverty over the past 30 years, as measured by the 1990 and 2000 decennial censuses and the 2011–2015 5-year data series available from the American Community Survey of the Bureau of the Census or any other territory or possession of the United States that has had 20 percent or more of its population living in poverty over the past 30 years, as measured by the 1990, 2000 and 2010 Island Areas Decennial Censuses, or equivalent data, of the Bureau of the Census.* Note. --A full-year 2022 appropriation for this account was not enacted at the time the budget was prepared; therefore, the budget assumes this account is operating under the Continuing Appropriations Act, 2022 (Division A of P.L. 117-43, as amended). The amounts included for 2022 reflect the annualized level provided by the continuing resolution.	Extension of the Bond Guarantee Program through December 31, 2023 to allow more time to close complex and time-consuming bond commitments

E – Legislative Proposals

The FY 2023 Budget proposes to include $5 billion in long-term mandatory funding to support lending by eligible CDFIs to finance new construction and substantial rehabilitation that creates net new units of affordable rental and for sale housing known as the CDFI Affordable Housing Supply Fund.

The purpose of the program is to increase and preserve the supply of affordable housing in single family and small properties (1-4 units) and small multifamily properties not to exceed 100 units. The Community Development Financial Institutions Fund will provide $5 billion in grants to Community Development Financial Institutions (CDFIs) to support financing for the construction, acquisition, rehabilitation and preservation of both rental and homeownership housing, including accessory dwelling units.

This program will encourage the participation of small-scale developers and contractors.

The program will support activities that:

- ensure the sustainability, climate resiliency, and energy efficiency of affordable housing through rehabilitation;
- focus on increasing the supply of affordable housing in underserved markets, including single family, small properties (1-4 units) and small multifamily properties with fewer than 100 units;
- create affordable homeownership opportunities through financing the construction and rehabilitation of single-family properties for individuals and families with incomes up to 120 percent of AMI and up to 150 percent of the Area Median Income (AMI) in high cost areas (including acquisition and rehabilitation);
- preserve and rehabilitate rental opportunities in Naturally Occurring Affordable Housing (NOAH);
- finance/ support the development of Accessory Dwelling Units (ADUs);
- preserve affordable housing that is at risk of conversion to market rate; and
- expand the supply of affordable housing through innovative approaches consistent with the goals of the program including the conversion of commercial properties to residential and utilization of modular housing.

Units financed under this program will have 10 years affordability compliance requirements.

Section II – Annual Performance Plan and Report

A – Strategic Alignment

The CDFI Fund's mission is to expand economic opportunity for underserved people and communities by supporting the growth and capacity of a national network of community development lenders, investors, and financial service providers.

The CDFI Fund's award recipients provide loans, investments, business counseling, basic banking services, and financial literacy training in some of the most distressed communities in the nation. These are the communities in the United States where job opportunities remain stagnant and that otherwise lack access to more mainstream forms of capital – the places and populations that are not progressing economically as other parts of our economy have improved. CDFI Fund award recipients use their awards to increase access to capital and help improve the quality of life and boost the local economy in these communities.

In accordance with the Government Performance and Results Act Modernization Act (GPRAMA) of 2010, Treasury developed the FY 2022 – 2026 Departmental Strategic Plan. The Annual Performance Plan has been updated to reflect new departmental strategic goals and objectives.

This year, the CDFI Fund is working to align budget activities and performance measures to the new objectives in the Treasury FY 2022 – 2026 Strategic Plan, specifically to Goal 1: Promote Equitable Economic Growth and Recovery; Objective 1.3 Economically Resilient Communities and Goal 5: Modernize Treasury Operations. This work will include benchmarking performance and may result in changes in performance measures in the FY 2024 budget.

The FY 2023 Budget will advance the CDFI Fund's current goals by allowing the CDFI Fund to administer all programs including those that are authorized by Congress but do not require annual appropriations (i.e., the NMTC Program). In addition, the CDFI Fund will continue to conduct ongoing program compliance for prior-year award recipients for all programs.

The Budget request is also intended to cover the cost to administer certification of CDFIs, as required by the Riegle Act, as well as Community Development Entities (CDEs), as required by the NMTC program. CDFI certification is a prerequisite for eligibility for the CDFI and NACA Program(s), the BG Program, the SDL Program and the Capital Magnet Fund (CMF), as well as other federal programs outside of the CDFI Fund. CDE certification is a prerequisite for eligibility for the NMTC program.

The Coronavirus Response and Relief Supplemental Appropriations Act, 2021 (P. L. 116-260) provided $3 billion to the CDFI Fund to help CDFIs deliver immediate assistance in communities impacted by the COVID-19 pandemic. In the spring of FY 2021, the CDFI Fund awarded $1.25 billion of these funds through its newly established CDFI Rapid Response Program (CDFI RRP), which was designed to quickly deploy capital to CDFIs through a streamlined application and review process. Through the CDFI RRP, CDFIs were provided with resources necessary to respond to the economic impacts of the COVID-19 pandemic in distressed and underserved communities and people.

In FY 2023, the CDFI Fund will be making an additional $1.75 billion in grant funds available to CDFIs. These grants will further assist distressed communities by expanding lending, grant making, and increasing investment activity in low- or moderate-income minority communities and to minorities that have significant unmet capital or financial service needs.

B – Budget and Performance by Budget Activity
2.1.1 – Administration Resources and Measures

Dollars in Thousands

Resource Level	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Annualized CR	FY 2023 Request
Appropriated Resources	$26,000	$27,000	$27,000	$28,500	$29,000	$29,000	$35,037
Budget Activity Total	**$26,000**	**$27,000**	**$27,000**	**$28,500**	**$29,000**	**$29,000**	**$35,037**
Full-time Equivalents (FTE)	**74**	**66**	**67**	**76**	**67**	**82**	**89**

Performance Measure	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2021 Target	FY 2022 Target	FY 2023 Target
All Award Cycle Time (Months)	6.3	5.8	6.4	5.5	5.6	6.5	6.5	6.5
All-Time to Initial Disbursement (#Months)	7.5	7.0	7.0	4.4	5.1	4.5	4.5	4.5
ALL- Number of Affordable Housing Units Developed or Produced	27,443	34,083	61,839	44,361	58,125	I	I	I

Key: I - Indicator; DISC - Discontinued; B - Baseline

2A – Administration Budget and Performance

($35,037,000 from direct appropriations):

This encompasses the CDFI Fund's operational support and management activities for each of its ongoing award programs. It includes, among other activities, developing notices of award availability and application materials; reviewing and evaluating certification and award applications; selecting awardees; finalizing the terms of award agreements; making disbursements; collecting and evaluating performance data; monitoring awardees' compliance; and award closeout processes.

<u>*Description of Performance:*</u>

The CDFI Fund's three administrative performance measures focus on organization-wide efficiency, measuring how quickly awards are made and funds are disbursed, and the creation of affordable housing units across all CDFI Fund programs.

- The All Cycle Time measures the average time from the date when applications are received to the date of award announcement (calculated in months as an average across all programs). The Award Cycle Time in FY 2021 was 5.6 months, thereby exceeding the target of 6.5 months. FY 2021 reflects the inaugural round of the SDL Program as well as estimates for BEA and CMF programs, which are still in the midst of their FY 2021 round application reviews. For FY 2022 and FY 2023, the target will remain at 6.5 months because the CDFI Fund will be standing up additional programs funded by the Consolidated Omnibus Act, 2021.

- The Time to Initial Disbursement indicates how quickly the CDFI Fund completes award agreements and makes the first disbursement of funds or issues tax credits. The FY 2021 program disbursements results were tabulated in FY 2022 at 5.1 months which falls below the target set of 4.5 months. It should be noted that the tabulation includes estimates for BEA and CMF programs which are still in the midst of their FY 2021 round application reviews. While the FY 2021 results are higher than the FY 2020 results (4.4 months), they are still lower than the FY 2019 results (7 months) which reflect improved efficiencies through the AMIS system. The target will remain at 4.5 months for FY 2022 and FY 2023.

- The Number of Affordable Housing Units Developed or Produced metric measures the number of affordable housing units developed or produced as a result of CDFI Fund awards as reported by CDFI Program, NMTC Program, and CMF awardees. The FY 2021 actual result was 58,125 affordable housing units. Beginning with FY 2021, this performance measure was converted to an indicator because the variability in projecting annually the number of affordable housing units funded for three programs made it difficult to project a reliable target.

2.1.2 – Community Development Financial Institutions Program Resource and Measures

Dollars in Thousands

Resource Level	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Annualized CR	FY 2023 Request
Appropriated Resources	$161,500	$160,000	$160,000	$165,500	$165,000	$165,000	$215,400
Budget Activity Total	**$161,500**	**$160,000**	**$160,000**	**$165,500**	**$165,000**	**$165,000**	**$215,400**

Performance Measure	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2021 Target	FY 2022 Target	FY 2023 Target
CDFI - Percentage of Loans & Investments Originated in Eligible Distressed or Underserved Communities by Dollar Amount of Loans (Annual %)	81.2	73.7	75.6	75.0	71.4	60.0	60.0	60.0
CDFI - Percentage of Loans & Investments Originated in Eligible Distressed or Underserved Communities by Number of Loans	83.0	72.1	78.8	79.6	75.7	60.0	60.0	60.0

2B – Community Development Financial Institutions Program

($217,383,000 from direct appropriations)

The CDFI Program makes FA awards to CDFIs that have comprehensive business plans for creating community development impact and that demonstrate the ability to leverage private sector sources of financing, as well as TA grants to CDFIs and entities proposing to become CDFIs. CDFIs use FA awards to further goals such as:

- Economic development (job creation, business development, and commercial real estate development);
- Affordable housing (rental housing and homeownership); and
- Financial services (provision of basic banking services and financial literacy training to underserved people and communities).

For the FY 2021 CDFI Program round, the CDFI Fund awarded $140.8 million in Base-FA and TA awards to 422 organizations in 43 states, the District of Columbia, and Puerto Rico.

In addition to the Base-FA awards, the CDFI Fund will also provide the following supplemental FA awards:

- $23 million to 10 CDFIs through the Healthy Food Financing Initiative-Financial Assistance (HFFI-FA) awards, a supplemental program designed to encourage investments in businesses that provide healthy food options for communities;
- $6 million to 14 CDFIs through the Disability Funds-Financial Assistance (DF-FA) awards, a supplemental program designed to help CDFIs finance projects and services that will assist individuals with disabilities; and
- $18.6 million to 125 CDFIs through the Persistent Poverty Counties-Financial Assistance (PPC-FA) awards, which is a supplemental program designed to encourage investments in Persistent Poverty Counties nationwide.

The request includes $2 million for the AmeriCorps CDFI Economic Mobility Corps (EMC), which is a joint initiative of the CDFI Fund and CNCS that places full-time national service members in Certified CDFIs to enhance their capacity to provide financial literacy, financial planning, budgeting, saving, and other financial counseling activities. Award funding for the FY 2022 round of EMC was made available through the CNCS FY 2022 AmeriCorps State and National Grant program Notice of Funding Opportunity (NOFO) that was released September 2021. EMC awards will be announced May 2022.

Description of Performance:
The CDFI Program has two measures: (1) the percentage of loans and investments originated in eligible distressed communities or made to underserved populations, as measured against the total dollar amount of loans originated by awardees; and (2) the percentage of loans and investments originated in eligible distressed communities or to underserved populations, as measured against the total number of loans originated by awardees.

Certification criteria require that all certified CDFIs originate at least 60.0 percent of their loans and investments in eligible distressed census tracts or to underserved populations. The target is set at a level that allows CDFIs to balance their mission to serve distressed communities and underserved populations with their safety and soundness considerations.

In FY 2021, the CDFI Program surpassed the 60.0 percent threshold for the percentage of both the dollar amount (71.4 percent) and the number of CDFI loans (75.7 percent) made to eligible distressed communities and underserved populations.

2.1.3 – New Markets Tax Credit Resources and Measures

Dollars in Thousands

Resource Level	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Annualized CR	FY 2023 Request
Appropriated Resources	0	0	0	0	0	0	0
Budget Activity Total	**0**	**0**	**0**	**0**	**0**	**0**	**0**

Performance Measure	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2021 Target	FY 2022 Target	FY 2023 Target
NMTC - Percentage of Loans and Investments That Went Into Severely Distressed Communities	77.5	73.6	80.3	77.2	77.0	75.0	75.0	75.0

2C – New Markets Tax Credit Program

($0 from direct appropriations):

The NMTC Program stimulates capital investment in low-income communities nationwide by permitting individual and corporate taxpayers to receive a non-refundable tax credit against federal income taxes for making equity investments in CDEs. CDEs that receive the tax credit allocation authority under the program are domestic corporations or partnerships that provide loans, investments, or financial counseling in low-income urban and rural communities.

On December 27, 2020, legislation was enacted extending allocation authority of the NMTC Program for five years through calendar year (CY) 2025 at $5 billion annually. The FY 2023 revenue proposal volume (also referred to as the "greenbook") seeks a permanent reauthorization of the New Markets Tax Credit. Please see https://home.treasury.gov/policy-issues/tax-policy/revenue-proposals for more information.

Description of Performance:

In FY 2021, the CDFI Fund awarded $5 billion in CY 2020 NMTC Program allocation authority to 100 organizations out of a pool of 208 applicants that requested $15.1 billion in NMTC allocations.

In FY 2021, CDEs reported that 77 percent of NMTC investments were made in severely-distressed communities, exceeding the target of 75 percent. The expectation is that the NMTC investments performance report for FY 2022 and FY 2023 will meet or exceed the 75 percent target.

2.1.4 – Bank Enterprise Award Program Resources and Measures

Dollars in Thousands

Resource Level	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Annualized CR	FY 2023 Request
Appropriated Resources	$23,000	$25,000	$25,000	$25,000	$26,000	$26,000	$26,000
Budget Activity Total	**$23,000**	**$25,000**	**$25,000**	**$25,000**	**$26,000**	**$26,000**	**$26,000**

Performance Measure	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2021 Target	FY 2022 Target	FY 2023 Target
BEA - Increase in Community Development Activities Over Prior Year For All BEA Program Applicants ($ million)	522	646	429	469	DISC	DISC	DISC	DISC
Bank Enterprise Award Program (BEA) Leverage Ratio is the $ Sum of All Award Recipients Qualified Activities to the $ Sum of All Awards in a Given Year	N/A	N/A	N/A	N/A	TBD	B	N/A	N/A

Key: DISC - Discontinued; B - Baseline; TBD - To Be Determined; N/A - Not Available

2D – Bank Enterprise Award Program

($26,000,000 from direct appropriations):

The BEA Program provides monetary awards to regulated banks and thrifts for increasing their investments in CDFIs through grants, stock purchases, loans, deposits, and other forms of financial and technical assistance, and for increasing their lending, investment, and service activities in economically-distressed communities where at least 30 percent of residents have incomes less than the national poverty level and where the unemployment rate is at least 1.5 times the national unemployment rate.

<u>*Description of Performance:*</u>

The BEA Program measures applicants' increase in qualified community development activities over the prior year. The FY 2021 BEA Program round is still in the application review stage with the goal of announcing awards by the end of March 2022.

For FY 2021, the BEA Program will begin reporting on its new performance measure — a leverage ratio of the dollar sum of all award recipients' qualified activities to the dollar sum of all awards in a given year. The Fund will use the values for FY 2021 through FY 2023 to establish a baseline trend from which to compute a target threshold for the leverage ratio that must be met or exceeded by the program's annual eligible activities.

2.1.5 – Native American CDFI Assistance Program Resources and Measures

Dollars in Thousands

Resource Level	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Annualized CR	FY 2023 Request
Appropriated Resources	$15,500	$16,000	$16,000	$16,000	$16,500	$16,500	$21,500
Budget Activity Total	**$15,500**	**$16,000**	**$16,000**	**$16,000**	**$16,500**	**$16,500**	**$21,500**

Performance Measure	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2021 Target	FY 2022 Target	FY 2023 Target
NACA - Percentage of NACA Loans and Investments in Native Areas ($ Amount of Loans)	47.9	84.9	78.0	57.2	60.1	50.0	50.0	50.0
NACA - Percentage of NACA Loans and Investments in Native Areas (# of Loans)	95.1	94.4	86.0	72.1	72.6	50.0	50.0	50.0

2E – Native American CDFI Assistance Program

($21,500,000 from direct appropriations):

Through the NACA Program, the CDFI Fund assists entities in overcoming barriers that prevent access to credit, capital, and financial services in American Indian, Alaska Native, and Native Hawaiian communities. The NACA Program makes monetary awards to increase the number and capacity of existing or new Native CDFIs (i.e., CDFIs that serve Native communities). In addition, the NACA Program provides training to help strengthen and develop Native CDFIs. Native CDFIs lend where other mainstream financial institutions do not and serve the poorest individuals, families, and businesses in Native communities.

For the FY 2021 round of the NACA Program, the CDFI Fund awarded $14.3 million in Base-FA and TA awards to 34 organizations in 16 states. In addition, the CDFI Fund awarded $1.65 million in NACA Program PPC-FA awards to eight Native CDFIs.

Description of Performance:

The two measures of performance for the NACA Program are: (1) the percentage of the number of loans, and (2) the dollar amount of loans, made in tribal lands (based on Federal Designations of Tribal Areas) or to Native people. In accordance with their Assistance Agreements, NACA awardees are required to originate 50 percent or more of their loans and investments in Native areas or to Native populations. This threshold is set to allow the awardees to balance their mission of serving Native areas and populations with safety and soundness considerations.

In FY 2021, NACA recipients reported outcome data for their 2020 activities, which showed that 60.1 percent of loans by dollar amount and 72.6 percent of the number of loans originated were in Native areas or to Native borrowers, thereby exceeding the target of 50 percent for both measures.

2.1.6 – Healthy Food Financing Initiative Detail Resources and Measures

Dollars in Thousands

Resource Level	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Annualized CR	FY 2023 Request
Appropriated Resources	$22,000	$22,000	$22,000	$22,000	$23,000	$23,000	$23,000
Budget Activity Total	**$22,000**	**$22,000**	**$22,000**	**$22,000**	**$23,000**	**$23,000**	**$23,000**

Performance Measure	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2021 Target	FY 2022 Target	FY 2023 Target
HFFI - Retail Outlets Created/Preserved	24.0	20.0	23.0	25.0	29.0	I	I	I

Key: I - Indicator

2F – Healthy Food Financing Initiative

($23,000,000 from direct appropriations):

The HFFI aims to eliminate "food deserts" – low-income urban and rural areas in the United States with limited access to affordable and nutritious food – by financing interventions that expand the supply of, and demand for, nutritious foods. The objectives include increasing the distribution of agricultural products, developing and equipping grocery stores, and strengthening producer-to-consumer relationships.

Through the HFFI, the CDFI Fund provides awards to Certified CDFIs to help address the need for healthy food in underserved and low-income communities. These organizations use federal grants, below market-rate loans, loan guarantees, and tax credits to attract private sector financing for projects that increase access to healthy food options.

Description of Performance:

The primary HFFI performance measure is the number of healthy food retail stores created and maintained in low-income areas that have been identified through detailed census tract analysis as having limited access to healthy food options. In FY 2021, the number of HFFI Retail outlets created was 29. Beginning with FY 2021, the HFFI performance measure is reported as an indicator because the variability of investments in new retail HFFI outlets made it difficult to forecast an annual target.

2.1.7 – Small Dollar Loan Program Resource and Measures

Dollars in Thousands

Resource Level	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Annualized CR	FY 2023 Request
Appropriated Resources	0	0	0	$5,000	$8,500	$8,500	$8,500
Budget Activity Total	**0**	**0**	**0**	**$5,000**	**$8,500**	**$8,500**	**$8,500**

2G - Small Dollar Loan Program

($8,500,000 from direct appropriations):

Authorized by Section 1206 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (P.L. 111-203), the SDL Program provides grants for Loan Loss Reserves (LLR) and TA to CDFIs to establish and maintain small dollar loan programs. SDL Program funding is intended to expand consumer access to mainstream financial institutions by providing alternatives to high cost small dollar lending. The SDL Program funding is also intended to help unbanked and underbanked populations build credit, access affordable capital, and allow greater access into the mainstream financial system.

Description of Performance:
The program is in its infancy, therefore, its performance measure is still under review by the Office of Strategic Planning and Performance Improvement (OSPPI) and the Office of Performance Budget (OPB) before it receives final approval from the Office of Management and Budget (OMB). The Fund anticipates reporting out on SDLP's performance measure in the FY2024 budget materials for FY2021. SDLP performance data will have to be baselined for three years to evaluate what a reasonable performance target might be based on the trends.

The inaugural round of SDLP awards were made in September 2021. A total of 52 CDFIs received $10.8 million in FY 2021 SDLP awards. These Certified CDFIs are headquartered in 30 states, the District of Columbia and Puerto Rico. Two organizations received nearly $300,000 in awards for LLR grants. Nine organizations received $1.0 million in TA grants. 41 organizations received $9.5 million in a combination of TA award and LLR awards. SDLP Award Recipients are comprised of Certified CDFIs of diverse types and include: 28 loan funds that received $5.2 million; 13 credit unions that received $2.8 million; and 11 banks or bank holding companies that received $2.8 million. This includes, two organizations headquartered in Puerto Rico that received $560,000 in awards, and five minority depository institutions that received a total of $1.6 million in awards.

2.1.8 – Capital Magnet Fund Program Resource Detail Table

Dollars in Thousands

Resource Level	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Estimate	FY 2023 Estimate
GSE Distribution	$119,413	$144,917	$131,884	$175,809	$382,748	$367,000	$212,000
Budget Activity Total	**$119,413**	**$144,917**	**$131,884**	**$175,809**	**$382,748**	**$367,000**	**$212,000**
Full-time Equivalents (FTE)	**4**	**4**	**3**	**5**	**4**	**6**	**9**

2H. – Capital Magnet Fund Program

($0 from direct appropriations):
The CMF Program authorized by the Housing and Economic Recovery Act of 2008 (P.L. 110-289), establishes recurrent funding of the CMF through allocations from the Government-Sponsored Enterprises (GSEs) Fannie Mae and Freddie Mac. Through CMF, the CDFI Fund provides grants to CDFIs and qualified non-profit housing organizations to finance affordable housing, community service facilities, and economic development facilities. Award recipients can use funds to create financing tools such as loan funds, loan loss reserves, revolving loan funds, risk-sharing loans, and loan guarantees.

Description of Performance:
The primary performance measures of the CMF are the number of affordable housing units for which CMF funding was a source of financing, and the degree to which private funding sources were leveraged by CMF financing. Data on affordable housing units are included in performance table 2.1.1.

The FY 2021 CMF Program round is still in the application review stage with the goal of announcing awards in May 2022.

2.1.9 – CDFI Bond Guarantee Program Resource Detail Table

Dollars in Thousands

Resource Level	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Annualized CR	FY 2023 Request
Obligations	$245,000	$150,000	$150,000	$100,000	$100,000	$500,000	$500,000
Loan Limitation Obligation Authority	$500,000	$500,000	$500,000	$500,000	$500,000	$500,000	$500,000

2.1.10 – CDFI Bond Guarantee Program Financing Account – Non-Budgetary Summary

Dollars in Thousands

Resource Level	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Estimate	FY 2023 Request
Obligations	$245,000	$150,000	$150,000	$100,000	$100,000	$500,000	$500,000
Collections*	$19,789	$34,337	$51,493	$61,621	$74,320	$81,940	$95,728

*Includes the principal and interest repayments and a 10 basis point fee for administrative expenses pursuant to Section 1134 of the Small Business Jobs Act of 2010. These amounts assume a zero subsidy rate with bond loan disbursement of $171 million and $265 million in FY 2022 and FY 2023, respectively.

2I. – CDFI Bond Guarantee Program Budget and Performance

Through the BG Program, Treasury provides a 100 percent guarantee of bonds (including principal, interest, and call premiums) issued by Qualified Issuers. Bonds issued through the program support CDFI lending and investment activity in underserved communities by providing a source of long-term capital. Qualified Issuers use bond proceeds to finance loans to eligible CDFIs for community and economic development purposes.

Since the inception of the program, the total amount of bonds guaranteed is nearly $1.8 billion. A total of 26 Eligible CDFIs and three Qualified Issuers participate in the BG Program. Upon the closing of each bond, the eligible CDFIs have five years to lend or disburse the bond proceeds.

The table below provides the year-to-date (FYE) and proposed disbursement for the top eight asset classes:

Assets Class	Disbursements ($Millions)	Disbursements (%)	Proposed Disbursements ($Millions)	Proposed Disbursements (%)
Charter Schools	$364.91	27.29%	$449.06	25.06%
Rental Housing	$369.38	27.62%	$463.29	25.85%
Commercial Real Estate	$263.73	19.72%	$346.91	19.36%
Financing Entity	$115.16	8.61%	$134.13	7.48%
Healthcare Facilities	$74.20	5.55%	$122.22	6.82%
Not-For-Profits	$65.29	4.88%	$116.98	6.53%
Small Business	$51.21	3.83%	$61.79	3.45%
Senior Living and Long Term Care Facilities	$20.31	1.52%	$63.10	3.52%
Daycare Centers	$13.00	0.97%	$34.52	1.93%
Total	**$1,337.19**	**100.00%**	**$1,792.00**	**100.00%**

C – Changes in Performance Measures
CDFI has no changes in performance measures.

Section III – Additional Information

A – Summary of Capital Investments
As part of its FY 2023 capital investment strategy, the CDFI Fund plans to spend approximately $7.16 million for enhancements, operations, and maintenance of its IT infrastructure. The CDFI Fund has no major IT investments, nor any capital investments other than IT.

Non-Major IT Investments:
For FY 2023, the CDFI Fund has identified two non-major IT investments: AMIS and the CDFI Fund public website. AMIS is an enterprise-wide commercial, cloud-based solution that supports CDFI Fund certification, tax credit allocation, bond guarantee, and all grant programs. The CDFI Fund public website, another cloud-based solution, provides access to general information about the CDFI Fund and is used to ensure the public can obtain information and guidance regarding CDFI Fund programs. In FY 2023, the CDFI Fund plans to provide Operations and Maintenance (O&M) support for these two investments, as well as enhancements to AMIS. O&M includes system updates, help desk support, and software licenses. AMIS enhancements include annual program updates and improvements to program compliance monitoring and reporting.

A summary of capital investments, including major information technology and non-technology investments, can be accessed at:
https://www.treasury.gov/about/budget-performance/Pages/summary-of-capital-investments.aspx.

Department of the Treasury Financial Crimes Enforcement Network

Congressional Budget Justification and Annual Performance Plan and Report

FY 2023

Table of Contents

Section I – Budget Request

A – Mission Statement

To safeguard the financial system from illicit use, combat money laundering and its related crimes including terrorism, and promote national security through the strategic use of financial authorities and the collection, analysis, and dissemination of financial intelligence.

B – Summary of the Request

The FY 2023 President's Budget requests additional resources totaling $83,367,000 above 2021 enacted, including for the implementation of the Fiscal Year (FY) 2021 Anti-Money Laundering Act/Corporate Transparency Act (AMLA/CTA) of the William M. (Mac) Thornberry National Defense Authorization Act (NDAA) and to increase staffing for the expansion of the Office of Chief Counsel.

1.1 – Appropriations Detail Table

Dollars in Thousands

Appropriated Resources	FY 2021 Operating Plan		FY 2022 Annualized CR		FY 2023 Request		FY 2022 to FY 2023 % Change	
New Appropriated Resources	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**
BSA Administration and Analysis	269	$126,963	285	$126,963	420	$210,330	47.4%	65.7%
Subtotal New Appropriated Resources	**269**	**$126,963**	**285**	**$126,963**	**420**	**$210,330**	**47.4%**	**65.7%**
Other Resources								
Reimbursable	2	$1,941	3	$3,500	3	$3,500	0.0%	0.0%
Recoveries from Prior Years	0	$2,337	0	$0	0	$0	NA	NA
Unobligated Balances from Prior Years	0	$29,444	0	$19,704	0	$2,817	NA	-85.7%
Transfers In/Out (TEOAF)	0	$6,728	0	$22,500	0	$6,250	NA	-72.2%
Subtotal Other Resources	**2**	**$40,450**	**3**	**$45,704**	**3**	**$12,567**	**0.0%**	**-72.5%**
Total Budgetary Resources	**271**	**167,413**	**288**	**$172,667**	**423**	**$222,897**	**46.9%**	**29.1%**

FY 2021 Other Resources and Full-time Equivalents (FTE) reflect actuals.

1.2 – Budget Adjustments Table

Dollars in Thousands

	FTE	Amount
FY 2022 Annualized CR	**285**	**$126,963**
Changes to Base:		
Maintaining Current Levels (MCLs):	0	$5,401
Pay Annualization (2.7% average pay raise)	0	$462
Pay Raise (4.6% average pay raise)	0	$2,377
Non-Pay	0	$2,562
Other Adjustments:	10	$28,887
Adjustment to Meet Operating Levels	10	$28,887
Subtotal Changes to Base	10	$34,288
FY 2023 Current Services	**295**	**$161,251**
Program Changes:		
Program Increases:	125	$49,079
AMLA/CTA Implementation	115	$46,359
Increase Office of Chief Counsel Staff	10	$2,720
FY 2023 President's Budget Request	**420**	**$210,330**

C – Budget Increases and Decreases Description

Maintaining Current Levels (MCLs) ....+$5,401,000 / +0 FTE

Pay Annualization (2.7% average pay raise) +$462,000 / +0 FTE

Funds are requested for annualization of the January 2022 2.7% average pay raise.

Pay Raise (4.6% average pay raise) +$2,377,000/ +0 FTE

Funds are requested for a 4.6% average pay raise in January 2023.

Non-Pay +$2,562,000 / +0 FTE

Funds are requested for non-labor expenses such as travel, contracts, rent, supplies, and equipment.

Other Adjustments…………………..+$28,887,000 / +10 FTE

Adjustment to Meet Operating Levels +$28,887,000 / +10 FTE

Funds are requested to meet operating levels in FY 2023, which includes IT infrastructure expansion and enhancements to support beneficial ownership secure system operations and maintenance.

Program Increases ....+$49,079,000 / +125 FTE

AMLA/CTA Implementation +$46,359,000 / +115 FTE

The enactment of the FY 2021 National Defense Authorization Act (NDAA) included significant reforms to the U.S. anti-money laundering and countering the financing of terrorism (AML/CFT) regime through the AMLA and the CTA.

The AMLA/CTA seeks to strengthen, modernize, and streamline the existing AML/CFT regime by promoting innovation, regulatory reform, and industry engagement through forums, such as the Bank Secrecy Act Advisory Group (BSAAG) and FinCEN Exchange. The AMLA calls for FinCEN to work closely with our regulatory, national security, and law enforcement partners to identify risks and priorities and provide valuable feedback to our industry partners.

Within the AMLA, the CTA establishes a framework for uniform beneficial ownership reporting requirements for many corporations, limited liability companies, and other similar entities formed or registered to do business in the United States. The CTA provides FinCEN with the authority to collect that information, store it in a secure system, and share it with authorized government authorities and financial institutions, subject to effective safeguards and controls. To that end, FinCEN will use this funding to develop and maintain an information technology system for the reporting of information on beneficial ownership, collecting and securing the data, and creating access protocols and hiring staff to support outreach, implementation, and audits to ensure compliance with CTA rules. The AMLA and the CTA together set forth approximately 40 rulemaking or other requirements, including periodic Congressional reporting on implementation efforts, assessments, and findings. Some key requirements authorized under the act include:

1. Establishing standards for the reporting of information on beneficial ownership, building an information technology system to collect and secure the data, and creating access protocols, and ensuring enforcement of and compliance with the new reporting requirements;

2. Establishing national anti-money laundering and countering the financing of terrorism priorities, issuing regulations to implement those priorities and other related requirements, and ensuring enforcement of and compliance with the new requirements;
3. Enhancing whistleblower provisions to provide for a robust whistleblower program and new anti-retaliation protections;
4. Establishing an Office of Domestic Liaison;
5. Establishing foreign financial intelligence liaisons located overseas;
6. Reviewing and revising Currency Transaction Report (CTR) and Suspicious Activity Report (SAR) requirements, and other existing Bank Secrecy Act (BSA) regulations and guidance;
7. Expanding BSA requirements and obligations to persons engaged in the trade of antiquities;
8. Hosting a Financial Crimes Tech Symposium, and establishing two new BSAAG subcommittees to enhance public-private partnerships in the areas of innovation and technology as well as information security;
9. Establishing a BSA Analytical Hub;
10. Conducting a formal review of regulations and guidance implementing the BSA;
11. Formalizing a pilot program to allow financial institutions to share SARs with their foreign branches, subsidiaries, and affiliates, and ensuring enforcement of and compliance with the new requirements;
12. Establishing an ongoing, timely process to receive and evaluate requests from law enforcement to financial institutions to keep accounts open; and
13. Establishing an annual Bank Secrecy Act training program for all Federal examiners in the United States. FinCEN is required to comply with this new AMLA requirement to augment and build upon FinCEN's continued, decades-long involvement with the Federal Financial Institutions Examination Council (FFIEC) and AMLA/BSA training opportunities, as well as drafting and updating the public FFIEC AML/BSA Examination Manual. While FinCEN is leveraging this experience and its relationships with delegated examiners, additional resources will enable the bureau to comply with this AMLA requirement.

Timely and effective AMLA and CTA implementation continues to be FinCEN's top priority and presents significant complexity and resource challenges. We are working diligently with our industry partners and law enforcement and regulatory stakeholders to implement these numerous provisions to further the national security, financial integrity, and innovative strength of the United States and protect the American people.

<u>Increase Office of Chief Counsel Staff +$2,720,000 / +10 FTE</u>
The Office of Chief Counsel staff increase commensurate with FinCEN's workload.

1.3 – Object Classification (Schedule O) Obligations

Dollars in Thousands

Object Classification	FY 2021 Actual Obligations	FY 2022 Estimated Obligations	FY 2023 Estimated Obligations
11.1 - Full-time permanent	36,687	40,545	64,939
11.3 - Other than full-time permanent	190	150	150
11.5 - Other personnel compensation	1,017	891	891
11.8 - Special personal services payments	158	0	0
11.9 - Personnel Compensation (Total)	**38,052**	**41,586**	**65,980**
12.0 - Personnel benefits	12,751	13,862	21,993
Total Personnel and Compensation Benefits	**$50,803**	**$55,448**	**$87,973**
21.0 - Travel and transportation of persons	18	319	1,339
23.1 - Rental payments to GSA	4,849	4,239	4,431
23.2 - Rental payments to others	61	32	567
23.3 - Communications, utilities, and miscellaneous charges	2,920	3,056	3,433
24.0 - Printing and reproduction	62	62	68
25.1 - Advisory and assistance services	1,847	4,552	8,827
25.2 - Other services from non-Federal sources	55,176	74,474	71,146
25.3 - Other goods and services from Federal sources	12,328	14,142	20,945
25.4 - Operation and maintenance of facilities	13	0	0
25.6 - Medical care	151	0	0
25.7 - Operation and maintenance of equipment	7,885	9,000	9,920
26.0 - Supplies and materials	135	516	1,551
31.0 - Equipment	8,382	4,010	10,419
Total Non-Personnel	**$93,827**	**$114,402**	**$132,646**
Total Obligations	**$144,630**	**$169,850**	**$220,619**
Full-time Equivalents (FTE)	**271**	**288**	**423**

* Amounts reflect obligations of annually appropriated resources, carryover balances, reimbursables, and transfers.

** Includes TEOAF funding for Beneficial Ownership Secure System in the amounts of $6.73M in FY 2021, $22.5M in FY 2022 and requesting $6.25M in FY 2023.

D – Appropriations Language and Explanation of Changes

Appropriations Language	Explanation of Changes
DEPARTMENT OF THE TREASURY FINANCIAL CRIMES ENFORCEMENT NETWORK *Federal Funds* SALARIES AND EXPENSES	
For necessary expenses of the Financial Crimes Enforcement Network, including hire of passenger motor vehicles; travel and training expenses of non-Federal and foreign government personnel to attend meetings and training concerned with domestic and foreign financial intelligence activities, law enforcement, and financial regulation; services authorized by 5 U.S.C. 3109; not to exceed $45,000 for official reception and representation expenses; and for assistance to Federal law enforcement agencies, with or without reimbursement, $210,330,000 of which not to exceed $94,600,000 shall remain available until September 30, 2025 for information technology and to implement Division F of the William M. (Mac) Thornberry National Defense Authorization Act for Fiscal Year 2021 (Public Law 116-283). Note.--A full-year 2022 appropriation for this account was not enacted at the time the budget was prepared; therefore, the budget assumes this account is operating under the Continuing Appropriations Act, 2022 (Division A of P.L. 117-43, as amended). The amounts included for 2022 reflect the annualized level provided by the continuing resolution.	Changes to the appropriations language represent the additional amount for necessary expenses of the Financial Crimes Enforcement Network for the implementation of Division F of the William M. (Mac) Thornberry National Defense Authorization Act for Fiscal Year 2021 (Public Law 116-283), and for expansion of the Office of Chief Counsel.

E – Legislative Proposals

FinCEN has no legislative proposals.

Section II – Annual Performance Plan and Report

A – Strategic Alignment
Most notably, FinCEN's work supports Treasury's Strategic Objective 2.2: Economic Measures to Advance National Security which seeks to enhance and protect national security through the application of targeted financial measures and review of certain foreign investments; and Strategic Objective 2.4: Transparency in the Financial System which seeks to increase transparency in the domestic and international financial system.

Since the start of FY 2021, FinCEN had several noteworthy accomplishments highlighted below:

Implementation of the Anti-Money Laundering Act of 2020 (AMLA) and its Corporate Transparency Act (CTA):
As mentioned above, the AMLA/CTA sets the stage for a reassessment and expansion of the U.S. AML framework. Chief among the requirements of the AMLA are those related to the CTA, which require FinCEN to implement beneficial ownership reporting requirements for many corporations, LLCs, and other similar legal entities.

In addition to the CTA, FinCEN is tasked with an extensive and resource intensive list of requirements all aimed at improving and enhancing the existing AML/CFT framework and expanding FinCEN's role in innovation, regulatory reform, and industry engagement pertaining to the administration of the BSA. The AMLA requirements include several significant rulemakings, numerous Congressional reports and assessments, and specific programs that authorize significant resource allocations, to include hiring and supporting domestic liaison officers across the United States and foreign financial intelligence unit liaisons abroad, staffing a whistleblower program, appointing additional officers addressing innovation and information security, creating new subcommittees of the Bank Secrecy Act Advisory Group, etc.

Regulatory Actions:
AML/CFT Priorities (AMLA Section 6101): In June 2020, FinCEN published the first government-wide AML/CFT priorities which identify the most significant threats facing the United States, including: corruption, cybercrime, domestic and international terrorist financing, fraud, transnational criminal organizations, drug trafficking organizations, human trafficking and human smuggling, and proliferation financing. FinCEN also published two statements to provide guidance to covered institutions on how to approach these priorities. FinCEN will be publishing a notice of proposed rulemaking (NPRM) in 2022 to implement these priorities and make other amendments to financial institutions' AML program rules.

Arts and Antiquities (AMLA Section 6110): FinCEN published a notice in March 2021 to inform financial institutions about (1) the AMLA efforts related to trade in antiquities and art, (2) select sources of information about existing illicit activity related to antiquities and art, and (3) provide specific instructions for filing SARs related to trade in antiquities. FinCEN then published an advance notice of proposed rulemaking (ANPRM) related to trade in antiquities in September 2021 seeking public comment on the proposed rules. FinCEN received over 30 comments to the ANPRM and is currently reviewing them to determine next steps and the content of a notice of proposed rulemaking that it will issue at a later date.

CTA / Beneficial Ownership (AMLA Sections 6401-6403): FinCEN published an advance notice of proposed rulemaking in April 2021 seeking public comment on the implementation of beneficial ownership information reporting provisions of the CTA. FinCEN published a NPRM in December 2021 seeking public comment on the proposed rules focusing on who must report beneficial ownership information, when they must report, and what information they must provide. FinCEN received nearly 250 comments to the reporting NPRM and is currently reviewing them as it considers the issuance of a final regulation implementing the beneficial ownership information reporting requirements. FinCEN anticipates publishing later this year proposed rules on beneficial ownership information access and disclosure requirements as the next step in the CTA rulemaking series, as well as finalizing the rules on reporting beneficial ownership information.

SAR Sharing Pilot Program (AMLA Act 6212): FinCEN published an NPRM in January 2022, seeking public comment on the establishment of a limited-duration pilot program for sharing SARs. The pilot program would permit a financial institution with a SAR reporting obligation to share SARs and information related to SARs with the institution's foreign branches, subsidiaries, and affiliates for the purpose of combating illicit finance risks. The proposed rule ensures the sharing of information process is subject to appropriate data security and personal confidentiality standards and limited by federal and state requirements. Comments to the proposed rule are due by March 28, 2022. Following receipt and review of those comments, FinCEN will begin the process of drafting a final rule to implement this section.

Review of Regulations and Guidance (AMLA Section 6216): In December 2021, FinCEN published a request for information (RFI) seeking public comments on ways to streamline, modernize, and update the AML/CFT regime of the United States, including ways to modernize risk-based AML/CFT regulations and guidance to protect U.S. national security in a cost-effective and efficient manner. FinCEN received nearly 140 comments to the RFI in February 2022. FinCEN will review the comments to determine how best to incorporate the proposals into modernizing the AML/CFT regulations and guidance.

Bank Secrecy Act Advisory Group (BSAAG) Subcommittees (AMLA Section 6207 and 6302):
FinCEN created and is administering two new BSAAG Subcommittees: Innovation and Technology, and Information Security and Confidentiality, as required under AMLA Sections 6207 and 6302, respectively.

SAR Trends Analyses (AMLA Section 6206):
FinCEN published a Financial Trend Analysis on ransomware in October 2021 and another on environmental crimes in December 2021. FinCEN will publish additional Trend Analysis products on significant money laundering issues in FY 2023 as required by the AMLA.

Enforcement and Compliance:
From January 2021 to the present, FinCEN's Enforcement and Compliance Division (ECD) implemented an Office of the Whistleblower and an interim whistleblower program to implement Section 6314 of the AMLA. From January through June 2021, ECD conducted an

analysis of the viability of a No-Action Letter process at FinCEN, and drafted and submitted a report on June 28, 2021, to Congress on the same per Section 6305 of the AMLA.

ECD designed policies and procedures to process and track "keep open" requests and engaged in extensive research and consultations with other financial regulators to begin implementation of the annual training programs requirement for BSA regulators.

Modernize, Streamline, and Simplify Regulatory Authorities:
In addition to the AMLA/CTA rulemakings, FinCEN made significant progress with respect to advancing regulatory initiatives impacting the AML framework this year, including BSA reporting requirements relating to the Paycheck Protection Program (PPP).

- FinCEN issued a final rule to require customer identification program, AML program, and beneficial ownership requirements for banks lacking a federal functional regulator.
- FinCEN issued NPRMs related to virtual currency and funds transmittal recordkeeping requirements.
- *Administrative Rulings:* Closed 92 administrative ruling cases in FY 2021.
- *Pilots:* FinCEN continues to discuss potential pilot programs with U.S. financial institutions and established one in FY 2021 to enable the more efficient sharing of SARs in a certain context.
- *Real Estate ANPRM:* In December 2021, FinCEN issued an ANPRM seeking public comment on potential rulemaking to create a recordkeeping and reporting requirements concerning certain all-cash real estate purchases. FinCEN is reviewing the nearly 150 comments it received on the ANPRM and intends to prepare an NPRM for publication later this year.
- *Geographic Targeting Order (GTO) Regulation:* On November 15, 2021, FinCEN issued a final rule modernizing the regulation implementing the GTO authority, which had not been updated despite several successive amendments to the statute.

Guidance to Industry:

- During fiscal year 2021, FinCEN worked closely with federal and state banking agencies to update the Federal Financial Institutions Examination Council (FFIEC) BSA/AML Examination Manual. In total, 12 sections of the manual were updated.
- FinCEN issued nine advisories and notices, including a ransomware advisory, charities fact sheet, and several addressing COVID-19-related fraud.
- FinCEN published a number of public documents either jointly or in consultation with the FBAs, including a Joint Statement issued by the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, and the Office of the Comptroller of the Currency, in consultation with FinCEN and the National Credit Union Administration, regarding Model Risk Management for Bank Systems Supporting Bank Secrecy Act/Anti-Money Laundering Compliance (April 9, 2021).
- FinCEN issued a new Fact Sheet in December 2020 providing clarification on FinCEN's information sharing program under Section 314(b) of the USA PATRIOT Act.
- FinCEN's Regulatory Support Section responded to over 13,500 incoming inquiries from industry and other stakeholders in FY 2021.

BSA Enforcement and Supervision:

- FinCEN finalized four public civil enforcement actions in response to serious violations of the BSA, which resulted in the assessment of civil money penalties pursuant to 31 U.S.C. § 5321 totaling, in the aggregate, $690,000,000.[1]
- FinCEN finalized more than 275 compliance matters.
- Led or participated in two examinations of non-bank financial institutions and one depository institution. While FinCEN has delegated its examination authority under 31 CFR 1010.810, FinCEN may still conduct compliance examinations should a specific need arise and its limited staffing and resources allow. These examinations were targeted, limited-scope examinations based on leads specific to FinCEN priorities.
- Conducted a FinCEN examination of compliance with a Geographic Targeting Order (GTO) at a title insurance company, including the development of attendant policies and procedures.

Public-Private Engagement:

- FinCEN continued to support the BSAAG AML Effectiveness Working Group and held several FinCEN Exchange events to facilitate information sharing among law enforcement, national security agencies, financial institutions and other private sector entities, and FinCEN, including relating to key issues like ransomware (November 2020 and August 2021) and environmental crime (November 2021).
- FinCEN continued to enhance and effectively execute its Rapid Response Program (RRP), which assists law enforcement in the recovery of funds stolen from U.S. victims of cyber-enabled fraud schemes. The RRP has been used to confront cyber threats involving approximately 70 foreign jurisdictions and since its inception in 2015 has successfully assisted in the recovery of over $1.1 billion. From October 1, 2020 through January 31, 2022, the RRP received 1,057 requests from law enforcement with a total value of approximately $378 million, of which the RRP assisted in recovering approximately $183 million for U.S. victims (48% of the value reportedly stolen).[2]
- FinCEN hosted Innovation Hours meetings with Financial Technology, Regulatory Technology, and other firms creating innovative solutions to AML/CFT challenges, which FinCEN is using to enhance our national security through the promotion of responsible financial services innovation that furthers the purposes of the Bank Secrecy Act (BSA).

Enhance Systems and Analytical Capabilities:

- Deployed new search capabilities targeted at transaction data and visualization capabilities on BSA reports information and transaction data.

Expand Special Collections Efforts:

- During 2021, FinCEN twice re-issued GTOs that require U.S. title insurance companies to obtain beneficial ownership information for persons using shell companies that are involved in residential real estate transactions in twelve geographic areas.

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[1] For additional information, please see the Enforcement Actions posted on https://www.fincen.gov/news-room/enforcement-actions

[2] https://www.fincen.gov/sites/default/files/shared/RRP%20Fact%20Sheet%20Notice%20FINAL%20508.pdf

- FinCEN also prepared, researched and issued nine new special collection requests and one renewal (demand letters, foreign financial agency regulations, and/or geographic targeting orders) on major illicit finance issues around the world.

Financial Intelligence:

- FinCEN's ongoing intelligence activities included at least 90 specific products for law enforcement, industry, and other partners.

International Engagement and Information Sharing:

- FinCEN actively engages in the work of the Egmont Group of Financial Intelligence Units (FIUs) and supports its analytical and operational activities. As the U.S. FIU, FinCEN engages in extensive information exchange of financial intelligence on behalf of itself and U.S. law enforcement with FIUs that are members of the Egmont Group, as appropriate. From October 1, 2020 through January 31, 2022, FinCEN received more than 1,400 information requests from partner FIUs and provided more than 1,400 responses. FinCEN received more than 1,500 spontaneous information disclosures from partner FIUs and provided nearly 1,000 such disclosures to partner FIUs. In addition, FinCEN sent more than 1,000 information requests to partner FIUs.

FinCEN's FY 2022 and FY 2023 Priorities include:

- Continuing to effectively implement the AMLA/CTA, including: 1) the design and development of the beneficial ownership information technology system, 2) the statutorily mandated beneficial ownership rulemakings under the CTA, and 3) approximately 40 additional regulatory and other requirements under the AMLA, to include additional rulemakings, assessments, and guidance documents; periodic Congressional reporting; and numerous other provisions requiring coordination, collaboration with and feedback to law enforcement and financial institutions, among other things. FinCEN seeks the resources for the personnel and technology needed to meet these significant and impactful statutory requirements.
- Updating FinCEN's mission and priorities in the context of a post-pandemic economic recovery, AMLA/CTA implementation, and interference from foreign state actors. This includes an emphasis on advancing the innovative strength of the U.S. financial system, financial inclusion, and countering abuse by malign state actors and domestic terrorists, as well as corporate and political corruption that undermine the integrity and opportunity of the financial system, beyond the prior, post-9/11 emphasis on foreign terrorists.
- Continuing to develop cyber-related expertise and capacity to address cyber-related finance threats, including the rising threat of ransomware and other criminal activity.

B – Budget and Performance by Budget Activity
2.1.1 – BSA Administration and Analysis Resources and Measures

Dollars in Thousands

Resource Level	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Annualized CR	FY 2023 Request
Appropriated Resources	$115,003	$115,003	$117,800	$126,000	$126,963	$126,963	$210,330
Reimbursable Resources	$2,526	$2,198	$1,771	$3,000	$1,941	$3,500	$3,500
TEOAF	0	0	0	0	$6,728	$22,500	$6,250
Budget Activity Total	**$117,529**	**$117,201**	**$119,571**	**$129,000**	**$135,632**	**$152,963**	**$220,080**
Full-time Equivalents (FTE)	**275**	**281**	**273**	**265**	**271**	**288**	**423**

Workload Output/Activity	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2021 Estimate	FY 2022 Estimate	FY 2023 Estimate
Number of SARs filed	2,401,896	2,537,225	2,698,841	3,039,421	3,524,610	2,863,200	3,595,102	3,667,004
Number of total BSA reports filed	19,322,891	20,393,947	20,755,285	20,051,834	23,036,995	21,593,799	23,497,735	23,967,690
Number of BSA users	11,452	11,739	12,801	13,047	13,260	13,581	13,525	13,796

Performance Measure	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2021 Target	FY 2022 Target	FY 2023 Target
Percentage of Domestic Law Enforcement and Foreign FIUs who Assert Analytic Products Used Led to Detection and Deterrence of Illicit Activity	92%	95%	92%	97%	96%	90%	DISC	DISC
Percentage of Domestic Law Enforcement and Regulators Who Assert Queried BSA Data Led to Detection and Deterrence of Illicit Activity	86%	85%	92%	90%	93%	89%	90%	90%
Percentage of Users Satisfied with FinCEN Information Sharing Systems	87%	86%	89%	88%	87%	87%	85%	85%

Key: DISC - Discontinued

BSA Administration and Analysis Budget and Performance

($210,330,000 from direct appropriations, $6,250,000 from TEOAF Strategic Support, $3,500,000 from reimbursable sources):

FinCEN is a bureau of the U.S. Department of the Treasury. The Director of FinCEN reports to the Under Secretary for the Office of Terrorism and Financial Intelligence (TFI). FinCEN serves two primary roles in the financial regulatory and anti-money laundering framework: 1) administrator and primary regulator of the BSA; and 2) FIU for the United States. In carrying out its mission, FinCEN has numerous statutory areas of responsibility:

- Developing and issuing regulations under the BSA, including the regulatory requirements of the AMLA/CTA which are codified as part of the BSA;
- Enforcing compliance with the BSA, at times in partnership with law enforcement and other regulatory partners;
- Maintaining a network of information sharing with FIUs in 166 partner countries that are part of the Egmont Group of FIUs;
- Receiving millions of new financial reports each year;
- Securing and maintaining the BSA database, with over 300 million reports;

- Analyzing and disseminating financial intelligence to federal, state, and local law enforcement, federal and state regulators, foreign FIUs, and industry; and
- Promoting authorized information sharing and coordination among law enforcement, FIUs, regulatory partners, and industry.

Description of Performance:
FinCEN conducts four annual surveys of the BSA user-facing systems, information sharing tools, and to assess the value of FinCEN's data and analysis. The results provide valuable feedback on FinCEN's performance safeguarding the financial system from illicit use, combatting money laundering, and promoting national security.

Additionally, FinCEN monitors the percentage of domestic law enforcement and regulators who assert that queried BSA data led to the detection and deterrence of illicit activity. The survey looks at the value of FinCEN data, such as whether the data provided unknown information; supplemented or expanded known information; verified information; helped identify new leads; opened a new investigation or examination; supported an existing investigation or examination; or provided information for an investigative or examination report.

The final performance measure is based on survey responses and represents user satisfaction with the BSA E-Filing System, FinCEN Query, and the Egmont Secure Web (ESW). Starting with industry, FinCEN collects and maintains BSA reports filed by financial institutions and other filers. In turn, FinCEN provides authorized users that include, where appropriate, Treasury's Office of Terrorism and Financial Intelligence TFI) access to a query system containing 16 years of BSA data. FinCEN also provides foreign FIUs in the Egmont Group with a secure system for exchanging financial intelligence to combat money laundering and terrorist financing.

C – Changes in Performance Measures
With the publication of Treasury's Strategic Plan for FY 2022-2026, FinCEN will work this year to baseline performance against the new strategic objectives. This could result in changes to performance measures in the FY 2024 budget.

Performance Measure or Indicator	Proposed Change and Justification
Percentage of Domestic Law Enforcement and Foreign FIUs who Assert that they Used Analytic Products that Led to Detection and Deterrence of Illicit Activity	**Discontinue.** FinCEN is discontinuing this performance measure and is working to develop an improved replacement measure to assess performance.

Section III – Additional Information

A – Summary of Capital Investments
As the administrator of the BSA, FinCEN receives valuable information reported and collected under BSA requirements, which totaled more than 23 million filings in FY 2021. To successfully fulfill its mission, FinCEN relies on secure, advanced IT to manage the collection, processing,

storage, analysis, and dissemination of BSA information that contributes to the strength of and confidence in the U.S. financial system. On January 1, 2021, Congress passed the National Defense Authorization Act (NDAA), which includes the Corporate Transparency Act (CTA). The CTA dictates that many companies disclose beneficial ownership information to FinCEN. As a result, FinCEN, has expanded its IT investment portfolio to include the resources necessary to securely collect, process, store, and disseminate beneficial ownership information.

FinCEN's IT strategy already takes into account the growing need for financial institutions to meet obligations as efficiently as possible, while ensuring that FinCEN and law enforcement agencies receive accurate, timely, and reliable BSA and beneficial ownership information to track money trails, identify money laundering, and unravel terrorist financing networks. FinCEN's IT strategy also focuses on the critical need to improve the quality and accessibility of its data and increase responsiveness to stakeholders by maintaining and building upon flexible and innovative technical solutions. FinCEN's FY 2023 request include an increase in its IT portfolio by approximately $29M annually, to support FinCEN's current mission architecture and continue the development support and maintenance for the beneficial ownership requirements of the CTA. This increase is required to fully fund FinCEN's mission IT platform, which is the foundational architecture for the CTA beneficial ownership system. FinCEN's initial development costs includes obligations from TEOAF Strategic Support in FY 2021 ($6.73 million), FY 2022 ($22.5 million), and FY 2023 ($6.25 million).

A summary of capital investments, including major information technology and non-technology investments, can be accessed at:
https://www.treasury.gov/about/budget-performance/Pages/summary-of-capital-investments.aspx.

Department of the Treasury Alcohol and Tobacco Tax and Trade Bureau

Congressional Budget Justification and Annual Performance Plan and Report

FY 2023

Table of Contents

<u>Section I – Budget Request</u>

A – Mission Statement
To collect taxes on alcohol, tobacco, firearms, and ammunition; protect consumers by ensuring the integrity of alcohol products; ensure only qualified businesses enter the alcohol and tobacco industries; and prevent unfair and unlawful market activity for alcohol and tobacco products.

B – Summary of the Request
Supporting the nation's economic vitality is at the core of the work performed by the Alcohol and Tobacco Tax and Trade Bureau (TTB). The bureau's role in permitting, regulating, and taxing the alcohol, tobacco, and firearms industries facilitates a compliant and fair marketplace for those engaged in the manufacture and trade of these commodities, and ensures that the Federal government has the resources needed to fund national priorities. In FY 2021, TTB collected approximately $20.3 billion in excise taxes from the alcohol, tobacco, firearms, and ammunition industries.

The economic impact of COVID-19 is still reverberating across U.S. communities, including for many of the small breweries, wineries, and distilleries that comprise the majority of TTB taxpayers. At the FY 2023 funding level, and in support of the Administration's economic recovery and growth priorities, TTB plans to focus on timely service levels and facilitating voluntary compliance by simplifying tax and regulatory requirements, modernizing its online filing systems, and issuing clear and timely industry guidance. These efforts will also increase market competition and ensure all have an equal opportunity to thrive.

Complex or overly burdensome regulatory requirements do not serve the interests of taxpayers or the government. In FY 2023, TTB plans to continue three major regulatory reform efforts in permitting, tax, and alcohol beverage labeling to consolidate, clarify, or simplify requirements and, where possible, minimize filing frequency. The revised requirements will ease the burdens placed on new and existing businesses and make it easier for them to voluntarily comply. At the same time, TTB plans to tailor the requirements to improve data quality and better detect risk to direct its enforcement efforts. As industry recovers and expands, these efforts are required to sustain service times and support all taxpayers in meeting their tax obligations.

In FY 2023, TTB's mission will also expand to include a new import claims program. The Craft Beverage Modernization Act (CBMA), as amended, transfers jurisdiction for import-related provisions from U.S. Customs and Border Protection (CBP) to Treasury as of January 1, 2023. Treasury intends for TTB to administer the new CBMA import claims program. TTB is taking a data-driven and risk-based approach to administer the new claims program to provide importers with CBMA tax benefits. The FY 2023 request supports the development and maintenance of custom information technology (IT) modules for foreign producers and importers to enable online filing and processing of claims as well as additional tax administration and enforcement staff necessary to timely issue refunds.

At the FY 2023 funding level, TTB will also prioritize other improvements to its online filing systems as part of its IT modernization strategy to develop an integrated online experience for all tax and regulatory transactions with TTB. By improving the ease and usability of its online platforms, TTB aims to increase electronic submissions, improve timely filings, and support taxpayer compliance. Reducing paper submissions also supports “green” filing practices in line with the Administration’s climate change agenda.

TTB will also continue to focus on providing clear and consistent industry guidance to facilitate the submission of compliant filings. Omissions and errors on permit and alcohol label applications create inefficiencies for TTB and delays in service to industry. Undue delays in service can be a barrier to industry expansion and ongoing product innovation that fuel the economy. Further, to support these industries as they rebound, TTB plans to use compliance data to target and tailor its guidance, industry outreach, and enforcement activities, ensuring that businesses have the information they need to comply and are operating on a level playing field.

1.1 – Appropriations Detail Table

Dollars in Thousands

Appropriated Resources	FY 2021 Operating Plan[1]		FY 2022 Annualized CR		FY 2023 Request		FY 2022 to FY 2023 % Change	
New Appropriated Resources	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**
Collect the Revenue	207	57,526	222	57,526	262	77,821	18.0%	35.3%
Protect the Public	258	66,811	265	66,811	265	73,042	0.0%	9.3%
Subtotal New Appropriated Resources	**465**	**$124,337**	**487**	**$124,337**	**527**	**$150,863**	**8.2%**	**21.3%**
Other Resources								
Reimbursables and Offsetting Collections[2]	14	7,072	12	7,880	12	7,880	0.0%	0.0%
Unobligated Balances from Prior Years[3]	22	4,611	21	4,824	21	4,450	0.0%	-7.8%
Transfers In/Out[4]	0	1,087	0	838	0	0	NA	-100.0%
Subtotal Other Resources	**36**	**$12,770**	**33**	**$13,543**	**33**	**$12,330**	**0.0%**	**-9.0%**
Total Budgetary Resources	**501**	**$137,107**	**520**	**$137,880**	**560**	**$163,194**	**7.7%**	**18.4%**

[1]FY 2021 New Appropriated Resources by Budget Activity reflect levels appropriated in P.L. 116-260, the Consolidated Appropriations Act of 2021. FY 2021 Full-time Equivalents (FTE) and FY 2021 Other Resources reflect actuals.

[2]Includes reimbursements from the Treasury Executive Office of Asset Forfeiture (TEOAF) Mandatory Fund, Community Development Financial Institution (CDFI) Fund, and Treasury Departmental Offices; and offsetting collections from Puerto Rico Cover-Over Program.

[3]All years include carryover of unobligated balances from prior two-year set aside funding for trade practice enforcement and recoveries of 50 percent in unobligated balances from prior one-year funding.

[4]FY 2021 actual obligations include a transfer from TEOAF Secretary's Enforcement and Strategic Support Fund. FY 2022 approved amounts includes approved TEOAF transfer from the Secretary's Enforcement and Strategic Support Fund.

1.2 – Budget Adjustments Table

Dollars in Thousands

	FTE	Amount
FY 2022 Annualized CR	**508**	**$124,337**
Changes to Base:		
2023 Maintaining Current Levels (MCLs):	0	$4,604
Pay Annualization (2.7% average pay raise)	0	$572
Pay Raise (4.6% average pay raise)	0	$2,942
Non-Pay	0	$1,090
Other Adjustments:	0	$6,993
Adjustments to meet Current Operating Levels	0	$6,993
Subtotal Changes to Base	0	$11,597
FY 2023 Current Services	**508**	**$135,934**
Program Changes:		
Program Increases:	40	$14,929
CBMA Import Claims	40	$14,929
FY 2023 President's Budget Request	**548**	**$150,863**

C – Budget Increases and Decreases Description

Maintaining Current Level (MCLs)……………………………………..+$4,604,000 / +0 FTE

Pay Annualization (2.7%) +$572,000 / +0 FTE

Funds are requested for annualization of the January 2022 2.7% average pay raise.

Pay Raise (4.6% in 2023) +$2,942,000 / +0 FTE

Funds are requested for a 4.6% average pay raise in January 2023.

Non-Pay +$1,090,000 / +0 FTE

Funds are requested for non-labor expenses such as travel, contracts, rent, supplies, and equipment.

Other Adjustments……………………………………………………+$6,993,000 / +0 FTE

Adjustments to meet Current Operating Levels, +$6,993,000 / +0 FTE

Treasury requests adjustments to meet current services operating levels. Current operating levels include the annualization of the January 2021, 1.0% average pay raise, 2.7% average pay raise in January 2022, FY 2022 FERS Contribution Increases, and FY 2022 non-labor expenses.

Program Increases………………………………………………….…..+$14,929,000 / +40 FTE

CBMA Import Claims, +$14,929,000 / +40 FTE

TTB is requesting $14.9 million and 40 FTE to implement and administer CBMA provisions related to imported alcohol. The Taxpayer Certainty and Disaster Tax Relief Act of 2020 made permanent most CBMA provisions of the Tax Cuts and Jobs Act of 2017, with several amendments, including transferring responsibility for administering the CBMA provisions related to imported alcohol from CBP to Treasury as of January 1, 2023. Treasury intends for TTB to administer the new CBMA import claims program.

Under the law, starting in 2023, alcohol beverage importers will no longer be eligible for the CBMA tax benefits at the time of entry; rather, importers will be required to pay the full tax rate at entry and submit quarterly refund claims to TTB to receive the benefits. TTB anticipates that this program will roughly double its current claims workload, estimating that importers will submit approximately 7,000 claims per year for roughly $250 million in refunds.

TTB requires additional resources to implement and administer the new import claims program so that current services and operations are not disrupted. This investment funds the full-year cost for the program, including:

- *IT Systems and Support, +$5,500,000 / +0 FTE*
  TTB plans to develop two online modules that will enable TTB to receive import claims and foreign producer assignments electronically as well as develop automated validations for these claims.
- *Foreign Producer Registration & Import Claims and Bond Processing, +$3,386,000 / +22 FTE*
  TTB requests additional staff to process foreign producer registrations, importer claims, and related submissions.
- *Enforcement and Risk Analysis, +$4,536,000 / +11 FTE*
  TTB plans to develop risk-targeting tools to identify ineligible or fraudulent claims for review and field enforcement. TTB will also acquire new data sets to improve and maintain visibility into controlled groups.
- *Regulations and Guidance, +$1,009,000 / +5 FTE*
  TTB requests additional staff to develop implementing regulations and industry guidance and to educate industry stakeholders on new requirements.
- *Administrative Support, +$498,000 / +2 FTE*
  TTB requests additional administrative support to address human resources-related needs.

1.3 – Object Classification (Schedule O) Obligations

Dollars in Thousands

Object Classification	FY 2021 Actual Obligations	FY 2022 Estimated Obligations	FY 2023 Estimated Obligations
11.1 - Full-time permanent	56,625	58,541	66,682
11.5 - Other personnel compensation	1,008	1,005	1,095
11.5 - Overtime	292	582	635
11.9 - Personnel Compensation (Total)	**57,925**	**60,128**	**68,411**
12.0 - Personnel benefits	20,805	21,573	25,241
13.0 - Benefits for former personnel	0	5	5
Total Personnel and Compensation Benefits	**$78,730**	**$81,706**	**$93,657**
21.0 - Travel and transportation of persons	389	1,544	1,903
22.0 - Transportation of things	31	30	34
23.1 - Rental payments to GSA	4,589	4,342	4,557
23.3 - Communication, utilities, and misc charges	900	1,300	1,252
24.0 - Printing and reproduction	204	315	329
25.1 - Advisory and assistance services	10,285	10,489	22,164
25.2 - Other services from non-Federal sources	14,886	15,805	17,812
25.3 - Other goods and services from Federal sources	9,401	9,388	10,632
25.4 - Operation and maintenance of facilities	21	22	24
25.7 - Operation and maintenance of equip	3,295	3,295	2,621
26.0 - Supplies and materials	289	375	388
31.0 - Equipment	8,948	4,451	3,622
32.0 - Land and structures	218	0	0
Total Non-Personnel	**$53,456**	**$51,356**	**$65,336**
Total Obligations[1]	**$132,186**	**$133,062**	**$158,993**
Full-time Equivalents (FTE)[2]	**501**	**520**	**560**

*Amounts reflect obligations from all fund sources including annual appropriation, carryover balances, reimbursables, offsetting collections, and transfers.

[1]FY 2021 reflects actual obligations totaling $132.2 million, of which $125.1 million was from direct resources (new appropriations, carryover from prior years, and a TEOAF transfer) and $7.0 million was from reimbursable resources/offsetting collections. FY 2022 reflects anticipated obligations totaling $133.1 million, of which $125.5 million is from direct resources (new appropriations and carryover from prior years) and $7.6 million is from reimbursable resources/offsetting collections. FY 2023 reflects anticipated obligations totaling $159.0 million, of which $151.1 million is from direct resources (new appropriations and carryover from prior years) and $7.9 million is from reimbursable resources/offsetting collections.

[2]FY 2021 FTE reflects actual total FTE of 501, of which 487 FTE was from direct resources and 14 FTE was from reimbursable resources/offsetting collections. FY 2022 reflects anticipated total FTE of 520, of which 508 FTE is anticipated from direct resources and 12 FTE is anticipated from reimbursable resources/offsetting collections. FY 2023 reflects anticipated total FTE of 560, of which 548 FTE is anticipated from direct resources and 12 FTE is anticipated from reimbursable resources/offsetting collections.

D – Appropriations Language and Explanation of Changes

Appropriations Language	Explanation of Changes
DEPARTMENT OF THE TREASURY ALCOHOL AND TOBACCO TAX AND TRADE BUREAU *Federal Funds* SALARIES AND EXPENSES *For necessary expenses of carrying out section 1111 of the Homeland Security Act of 2002, including hire of passenger motor vehicles, $150,863,000; of which $5,000,000 shall remain available until September 30, 2024; of which not to exceed $6,000 shall be available for official reception and representation expenses; and of which not to exceed $50,000 shall be available for cooperative research and development programs for laboratory services; and provision of laboratory assistance to State and local agencies with or without reimbursement.* Note.—A full-year 2022 appropriation for this account was not enacted at the time the Budget was prepared; therefore, the Budget assumes this account is operating under the Continuing Appropriations Act, 2022 (Division A of Public Law 117–43, as amended). The amounts included for 2022 reflect the annualized level provided by the continuing resolution.	

E – Legislative Proposals

TTB has no legislative proposals.

Section II – Annual Performance Plan and Report

A – Strategic Alignment

This year, TTB is working to align budget activities and performance measures to the new objectives in the Treasury FY 2022 – 2026 Strategic Plan. This work will include benchmarking performance and may result in changes to performance measures in the FY 2024 budget. TTB is responsible for administering and enforcing the sections of the Internal Revenue Code of 1986 associated with the collection of excise taxes on alcohol, tobacco, firearms, and ammunition, and the Federal Alcohol Administration Act, which provides for the regulation of the alcohol beverage industry for the protection of U.S. consumers. TTB generally administers its jurisdiction according to five strategic goals that support U.S. economic growth and stability: 1) Business Qualification; 2) Labeling Modernization; 3) Tax Compliance; 4) Cross-Border Tax Risk; and 5) Workforce Readiness. TTB's strategic goal of Workforce Readiness underpins TTB's performance across all of its goals and objectives.

TTB's strategic goals to improve Tax Compliance and address Cross-Border Tax Risk ensure that the Federal government has the resources needed to fund national priorities through fair and effective administration and enforcement of tax laws. These efforts support Treasury's Objective 1.1 (Tax Administration and Policy), which aims to enhance tax compliance and service, as well as improve tax policy design. The industries TTB regulates have grown significantly in recent years, which presents taxpayer service and enforcement challenges, particularly in light of recent tax reform legislation. These reforms expand TTB's tax mission to include a new import claims program. This new program requires additional investments in TTB to ensure businesses are timely refunded for claims filed on imported alcohol beverage products and to prevent fraudulent claims. At the FY 2023 funding level, TTB will also continue its multi-year IT system modernization of outdated tax and regulatory systems to support efficient filing and processing. In addition, TTB plans to leverage technology to improve the TTB taxpayer experience and increase voluntary compliance, consistent with the Administration's priorities. IT modernization also facilitates data analytics to timely detect fraud, tax evasion, and critical compliance issues that undermine a level playing field.

TTB's strategic goals to enhance Business Qualification and implement Labeling Modernization ensure that lawful U.S. alcohol businesses are competitive and thriving in the global marketplace. These efforts support Treasury's Objective 1.3 (Economically Resilient Communities) by promoting economic recovery and growth for small businesses in communities across the country, including the thousands of breweries, wineries, and distilleries that TTB regulates. To this end, timely service remains a priority for TTB. As the demand for TTB services from these businesses continues to rise, and within the FY 2023 resources, TTB will aim to sustain improved service times for permit, label, and formula approvals. TTB will combine IT system modernization efforts with streamlined application requirements and enhanced guidance to achieve its performance goals for customer service. These strategies will help TTB maintain timely service by increasing the number of first-time approvals and reducing delays caused by extensive back-and-forth with industry members to correct application errors.

B – Budget and Performance by Budget Activity
2.1.1 – Collect the Revenue Resources and Measures
Dollars in Thousands

Resource Level	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Annualized CR	FY 2023 Request
Appropriated Resources	$53,560	$53,560	$58,856	$57,513	$57,526	$57,526	*$77,821*
Reimbursable and Offsetting Collections	$3,217	$3,923	$3,573	$4,131	$3,654	$4,807	*$4,807*
Unobligated Balances from Prior Years	$125	$112	$214	$98	$77	$113	$125
Transfers In/Out	$197	$902	$597	$349	$1,087	$419	*0*
Budget Activity Total	**$57,099**	**$58,497**	**$63,240**	**$62,091**	**$62,344**	**$62,865**	***$82,753***
Full-time Equivalents (FTE)	**223**	**212**	**213**	**211**	**211**	**226**	***267***

The FY 2017 - FY 2021 Appropriated Resources level represents the approved operating plan; all other resources in FY 2017 - FY 2021 represent actual obligations.

Performance Measure	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2021 Target	FY 2022 Target	FY 2023 Target
Amount of Revenue Collected Per Program Dollar ($)	406	369	339	380	375	I	I	I
Voluntary Compliance from Large Taxpayers - Overall (%)	90	90	91	91	93	95	95	95
By Payment	99	99	99	99	99	-	-	-
By Tax Return	79	82	84	84	87	-	-	-
By Operational Report	82	82	83	83	87	-	-	
Electronically Filed Tax Returns - Pay.gov (%)	35	37	41	43	48	55	60	65
Electronically Filed Operational Reports - Pay.gov (%)	39	40	42	46	50	55	60	65
Claims Processed within Service Standard (30-45 days) (%)[1]					71	85	85	85

Key: I – Indicator

[1]Includes current tax claim types, including drawback claims from manufacturers of nonbeverage products (30-day service standard) and all other claims (45-day service standard); in FY 2023, TTB will modify the measure to include CBMA import claims.

Collect the Revenue Budget and Performance
($77,821,000 from new direct appropriations, $125,000 from unobligated balances from the prior year, and $4,807,000 from reimbursable sources):

This budget activity includes all tax processing, verification, enforcement, and outreach efforts related to administering the Federal tax code for alcohol, tobacco, firearms, and ammunition products. TTB collects approximately $20.3 billion in Federal tax revenue annually from a tax base of nearly 37,000 businesses. TTB's regulated taxpayers include distilleries, breweries, and wineries, as well as manufacturers and importers of tobacco and firearms.

TTB extends the reach of its enforcement resources through advanced analytics and risk-based audits and investigations. To ensure a level playing field for those engaged in the trade of these regulated commodities, TTB also takes appropriate enforcement action to detect and address tax evasion and fraud to ensure all products sold in the marketplace are properly taxpaid.

Other Resources……………………………………………………………...$4,932,000

Unobligated Balances from the Prior Year………………………………………………........$125,000

Offsetting Collections/Reimbursables……………………………………………………. $4,807,000

Other resources that fund this budget activity include unobligated balances from the prior year appropriation; reimbursement for the operating costs of TTB's Puerto Rico field office, which are offset against the roughly $520 million in taxes collected on the alcohol beverage products that are manufactured in Puerto Rico and imported to the United States; reimbursement from

Community Development Financial Institution (CDFI) for IT services provided by TTB; and funding from the Treasury Executive Office of Asset Forfeiture (TEOAF) Mandatory Fund to cover investigative expenses, data systems, and training.

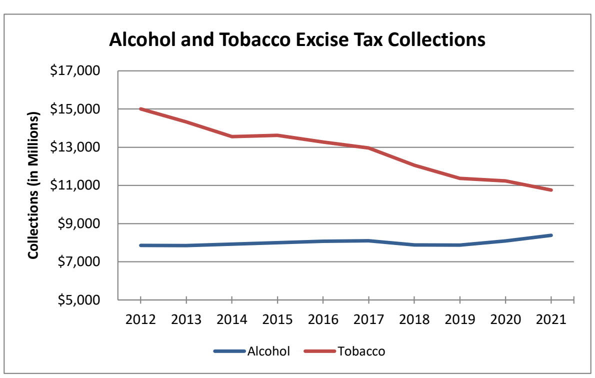
Description of Performance:
TTB combines measures and indicators to demonstrate the effectiveness and efficiency with which TTB operates its tax administration function, including through facilitating voluntary compliance as well as field enforcement efforts to address critical threats to Federal revenues. Through FY 2023, TTB plans to improve tax compliance by updating its tax filings, processes, and technologies; enhancing its capacity to timely identify and address non-compliance through analytics and other detection tools; and continuing to improve taxpayer education and outreach.

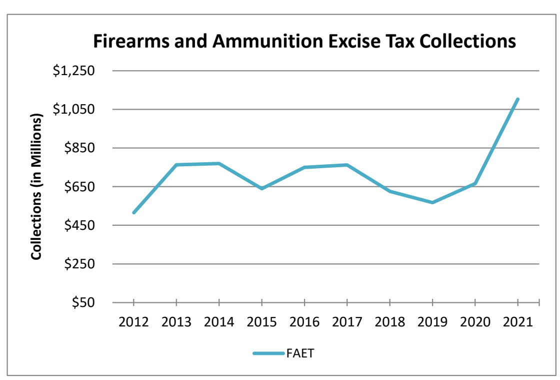
The *Amount of Revenue Collected per Program Dollar* indicator uses annual collections figures and the actual expenditures and obligations for collection activities to quantify the efficiency of the TTB tax collection program. In FY 2021, TTB achieved a return on investment of $375 for every program dollar spent on collection activities.

Revenue from the alcohol, tobacco, and firearms and ammunition industries increased year-to-year, with alcohol collections up 4 percent, and firearms and ammunition excise tax collections up 66 percent. Tobacco collections continued to steadily decline, down another 4 percent in FY 2021, in line with shifts in consumption patterns, product manufacturing, and trade.

At the same time, TTB's tax administration and enforcement costs have generally decreased over the past two years, as TTB continued to curtail much of its in-person enforcement activities due to the pandemic. TTB anticipates returning to a more robust in-person outreach and enforcement posture in FY 2022, guided by direction from the Administration and public health officials.

Going forward, TTB will continue to monitor its return on investment for its Collect the Revenue activities as a key indicator; however, results will depend on several external factors, including the long-term effects of the craft beverage modernization provisions, and the duration and impact of the COVID-19 pandemic on TTB-regulated industries.





Fostering voluntary compliance among taxpayers is a primary tax administration strategy for

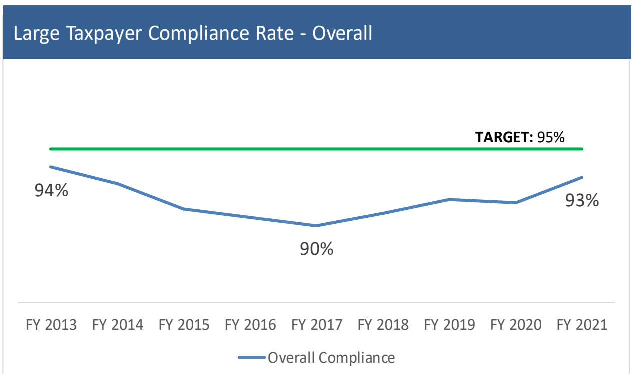
TTB. The *Percent of Voluntary Compliance from Large Taxpayers* is a key performance measure that shows the rate of compliance by large taxpayers (i.e., those that pay more than $50,000 in annual taxes) in voluntarily filing their required tax returns, operational reports, and payments on or before the scheduled due date. TTB uses its tax compliance data to improve the bureau's ability to rate and prioritize taxpayers based on relative risk to ensure TTB addresses the most serious instances and patterns of non-compliance.

To ensure adequate protection of Federal tax revenue, TTB established a high standard for its largest taxpayers, with a targeted filing compliance rate of 95 percent. In FY 2021, TTB achieved an overall compliance rate of 93 percent from its large taxpayers in meeting all tax filing requirements. The overall compliance rate increased from 91 percent in FY 2020. Payment compliance rates remained high at over 99 percent, indicating that the majority of reported liabilities were paid on time. Compliance rates for both tax returns and operational reports increased to 87 percent. These filings provide important information for tax verification and fraud detection, and require continued focus to improve compliance through FY 2023.

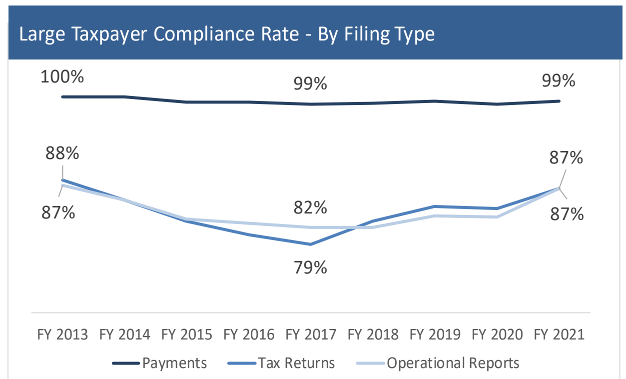
As the taxpayer universe grows, and workloads increase, TTB has faced resource challenges in maintaining taxpayer service and voluntary compliance. In the last five years, the number of TTB taxpayers has increased over 40 percent, which has created additional workload and enforcement challenges, particularly in light of recent tax reforms. This growth has cut across industry types, with the most significant increases in small businesses entering the alcohol industry. Over time, with limited resources, TTB outreach efforts to educate industry members on tax requirements have also decreased. More recently, TTB had to defer planned tax policy and technology improvements and shift base resources to prepare to implement the new import refund claims program by the January 2023 statutory effective date. TTB has also faced competing enforcement priorities, including renewed efforts to address illicit trade practice activity in the alcohol industry, with directed funding for this purpose enacted in TTB's appropriations since FY 2017.

In FY 2021, to improve tax oversight, TTB refined its analytic tools and internal procedures to address identified non-compliance. New dashboard views of taxpayer compliance data include summary and detailed information about each compliance factor (i.e., late/missing tax returns, late/missing operational reports, late payments, and underpayments). Based on these data, TTB used streamlined procedures for reconciling taxpayer accounts and issuing assessments. At the same time, TTB employed new risk criteria for taxpayer referrals for field audits to address serious non-compliance issues that undermine the level playing field. These policy and process improvements proved effective, and have resulted in identified tax liabilities of $135 million and $32 million collections to date. While these assessments were necessary to protect revenue, at the same time, TTB also provided guidance to industry on payment options in cases of financial distress caused by COVID-19.

At the FY 2023 funding level, improving compliance rates will remain a top priority. TTB plans to continue risk-based reviews of taxpayer accounts, with a focus on continued enhancements to analytic tools and expanding analysis into additional taxpayer segments. Over the next several years, TTB also plans to improve its education and outreach strategies to drive compliant behavior across TTB taxpayers, using compliance data to direct its annual outreach plan as well as to prioritize the development of new online tax guidance. These strategies will prove critical to supporting and increasing compliance by the thousands of small businesses that TTB regulates.



Overall compliance trended down in the first part of the past decade – from 94% in FY 13 to 90% in FY 17. Recent enforcement efforts have increased overall taxpayer compliance to 93% in FY 21. Sustaining these improvements requires enhanced technology and guidance to support voluntary compliance by the increased number of TTB taxpayers.



Compliance with tax payment remains high; however, lower compliance scores for required tax returns and operational reports pose challenges to verifying the taxes paid. In addition to IT and guidance, TTB plans to issue rulemaking to streamline its tax requirements to minimize filing burden and support voluntary compliance.

TTB will also focus on increasing tax compliance by developing an improved and integrated online taxpayer experience, supported by the FY 2023 budget request. Today, TTB relies on Pay.gov, a Bureau of the Fiscal Service system designed for government payments, for the electronic filing of tax returns and operational reports. TTB's two measures to monitor the *Electronic Filing Rates for Tax Returns* and *Operational Reports* in Pay.gov support ongoing efforts to reduce paper filings.

Electronic filing rates for tax returns and operational reports trended positively in FY 2020, but remain low compared to other TTB e-filing systems. T TB ended the year at 48 percent of tax returns and 53 percent of operational reports submitted electronically, nearing or just over the annual target of 50 percent. These low rates impede TTB's ability to timely and effectively detect and address non-compliance and add costs to making the data available for routine reconciliation or advanced analytics. Additional Pay.gov promotion is planned in FY 2022, and may improve e-filing rates; however, more significant tax system modernization is likely required for TTB to achieve its FY 2023 target of 65 percent, as well as its long-term target of 80 percent.

At the FY 2023 funding level, and as part of its IT modernization efforts, TTB intends to implement phased releases to its tax system. Planned enhancements include a custom external interface to improve taxpayer options for electronic filing and enable online account management, as well as streamlined internal workflows to support TTB tax administration. In FY 2021, TTB continued to focus its IT development efforts on claims, completing the deployment of a new internal claims processing module to improve service times for issuing refunds on claims for manufacturers of nonbeverage products – filling a critical need for businesses potentially experiencing cash flow issues during the pandemic. In addition, TTB enhanced the web form for industry to file claims online, including improved security features, building on the interim solution deployed at the pandemic onset. TTB also continued critical identity management work, laying the groundwork for a single and secure industry member login across TTB's online systems.

These releases provide a foundation for the new integrated "myTTB" system, and prepare TTB to implement its new import claims jurisdiction. Starting in January 2023, TTB will be responsible for administering refund claims to importers eligible for reduced tax rates and credits under CBMA. These claims are currently administered by CBP; the Taxpayer Certainty and Disaster Tax Relief Act of 2020 transferred jurisdiction to Treasury as of January 1, 2023. Treasury delegated this authority to TTB. With FY 2023 funding, TTB will develop and implement two new IT systems modules – Foreign Producer Registration and Import Claims Submission/Processing. These modules are critical to TTB's plans to implement the CBMA import refund claims program beginning in 2023, and include the associated security and data enhancements to facilitate implementation of the statute. TTB is adding a new measure of *Claims Processed within Service Standard* to monitor its ability to timely issue refund claims across all claims types. TTB's service standards for drawback claims by manufacturers of nonbeverage products is 30 days; the service standard for all other claims is 45 days. CBMA import claims will be included beginning in FY 2023. In FY 2021, in baselining this new measure, TTB met its respective service standards for 71 percent of claims submissions. Going forward, TTB plans to continue focusing on process and IT system enhancements to support efficient claims filing and processing, with the aim of improving service levels and preventing potential service disruptions due to the anticipated influx of CBMA import claims.

Effective tax administration also requires modernized IT systems to facilitate TTB's data-informed approach to monitoring compliance and timely identifying potential tax evasion – which is even more critical in light of recent tax reforms. At present, resource-intensive manual analysis and reconciliation of multiple reports and returns by specialists, auditors, and investigators, in combination with other data sources, are required to detect and address high-risk activity. In the years ahead, and at the requested funding level, TTB plans to enhance its IT systems and analytics tools to facilitate TTB's use of tax information to more effectively target its limited resources to suspected fraud or tax evasion schemes.

At the FY 2023 funding level, TTB also plans to continue pursuing regulatory remedies to improve tax administration and industry compliance. TTB recognizes that a number of current tax-related reporting requirements are burdensome on industry and, in some cases, require significant TTB resources to administer. To address these issues, and to ensure that TTB's tax requirements are commensurate with revenue risk, TTB completed a broad-based review of its tax return and operational report filing requirements.

The review generated recommendations to significantly streamline requirements to decrease both the amount of information collected as well as the frequency with which it is collected. The review also incorporated changes to TTB requirements to address new risks to underreporting introduced by recent tax reforms. The net effect of these revisions would substantially reduce reporting and filing burdens for industry.

This multi-year initiative will require rulemaking to implement. TTB will work these efforts in tandem with the IT modernization efforts funded through FY 2023 to deliver these new requirements through its new tax system interface. As TTB implements these efforts, the bureau will continuously evaluate and refine its regulatory and statutory options to find solutions to gain efficiencies for industry and TTB, while also boosting overall tax compliance.

2.1.2 – Protect the Public Resources and Measures

Dollars in Thousands

Resource Level	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Annualized CR	FY 2023 Request
Appropriated Resources	$57,879	$57,879	$60,744	$60,744	$66,811	$66,811	*$73,042*
Reimbursable and Offsetting Collections	$2,637	$2,366	$2,666	$2,666	$3,418	$3,073	*$3,073*
Unobligated Balances from Prior Years	$125	$4,166	$4,865	$4,865	$4,534	$4,711	$4,325
Transfers In/Out	$0	$87	0	$0	$0	$419	*$0*
Budget Activity Total	**$60,641**	**$64,498**	**$68,275**	**$68,275**	**$74,763**	**$75,014**	***$80,441***
Full-time Equivalents (FTE)	**265**	**273**	**282**	**284**	**290**	**294**	***293***

The FY 2017 - FY 2021 appropriated resources level represents the approved operating plan; all other resources in FY 2017 - FY 2021 represent actual obligations.

Performance Measure	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2021 Target	FY 2022 Target	FY 2023 Target
Permit Applications Processed within Service Standards (75 days) (%)	48	71	58	84	92	85	85	85
Alcohol Beverage Label and Formula Applications Processed within Service Standards (15 days) (%) [1]	62	84	48	83	92	85	85	85
Initial Error Rate for Permit Applications (%)	82	78	71	62	67	25	25	25
Initial Error Rate for Label and Formula Applications (%)	43	40	37	34	31	25	25	25
Electronically Filed Permit Applications (%)	85	87	89	92	95	95	95	95
Electronically Filed Label and Formula Applications (%)	98	98	99	99	100	I	I	I
Customer Satisfaction Rate with eGov Systems - Permits Online (%)	68	77	68	78	79	80	80	80
Customer Satisfaction Rate with eGov Systems - COLAs Online (%)	82	81	77	80	83	80	80	80
Customer Satisfaction Rate with eGov Systems - Formulas Online (%) [2]	70	79	70	73	80	80	80	80

Key: I – Indicator

[1] Service standards are set annually based on TTB analysis of submission volume, error rates, and resource levels. In FY 2018, following a spike in submission volume, TTB established service standards of 15 days for both labels and formulas; these standards have remained in effect through FY 2021.

[2] Results represent beverage alcohol filers only (nonbeverage alcohol formula submissions are excluded).

Protect the Public Budget and Performance
($73,042,000 from new direct appropriations, $4,325,000 from unobligated balances from the prior year, and $3,073,000 from reimbursable sources):
This budget activity funds the programs that ensure the integrity of the products and industry members in the marketplace; promote compliance with Federal laws and regulations by more than 111,000 businesses that TTB regulates; facilitate fair and lawful domestic and international trade in the alcohol and tobacco commodities; and provide full and accurate alcohol beverage product information to the public as a means to prevent consumer deception.

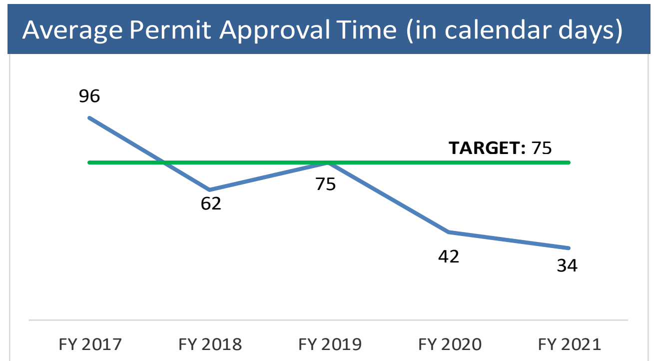
Other Resources……………………………………………………………………… $7,398,000
Unobligated Balances from the Prior Year…………………………………………………....$4,325,000
Offsetting Collections/Reimbursables……………………………………………………......$3,073,000
Other resources that support this budget activity include unobligated balances from the prior year appropriation; reimbursement for the operating costs of the TTB Puerto Rico field office, which are offset against the roughly $520 million in taxes collected on the alcohol beverage products that are manufactured in Puerto Rico and imported into the United States; reimbursement by CDFI for IT services provided by TTB; and funding from the TEOAF Mandatory Fund to cover investigative expenses, data systems, and training.

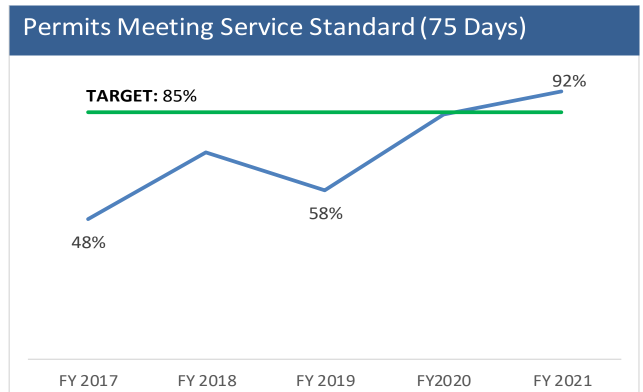
Description of Performance:
TTB uses a combination of measures to monitor the degree to which the bureau is improving industry services and customer experience through meeting its established service standards for permit, label, and formula applications; reducing error rates on applications to address processing delays caused by incomplete or non-compliant submissions; and increasing the user satisfaction rates with TTB's online systems. TTB's strategies to achieve its performance targets for these measures include a combination of improving internal processes, streamlining application requirements, modernizing IT systems, and providing clearer guidance to industry members.

TTB monitors its timeliness in processing permit applications through its measure of the *Percentage of Permit Applications Processed within Service Standards*. As businesses rely on accurate information related to TTB service delivery in their operational planning, this measure provides important data related to a key outcome for TTB and its stakeholders.

In recent years, the volume of submissions, particularly in the more complex application types related to producing alcohol beverage products, had caused approval times to increase. Approval times spiked to an average of over 120 days in FY 2016 – and over 200 days for alcohol producer applications – delaying operations for these applicants, many of whom had already had made significant upfront investments. In response, TTB established a priority performance goal in FY 2018 to improve the timeliness and consistency of service levels by reducing average processing times for new permit applications by 20 percent and achieving its service standard for 85 percent of applicants.

Under this priority goal, TTB has significantly improved its service levels for permitting and met both aspects of this goal for the first time in FY 2021. Average approval times are now down to 34 days, another 20 percent reduction compared to last year, and a reduction of 65 percent since this goal was established.





TTB also made substantial gains in the second part of its priority goal to improve the reliability of its service levels. In FY 2021, TTB exceeded its target to achieve the 75-day service standard for 85 percent of permit applicants, ending the year at 92 percent. After reaching historic highs last year, submission volume normalized in FY 2021 as new permit applications related to hand sanitizer production subsided, contributing to these results. TTB also made significant improvements to its management of in-process permit applications, using new dashboards that display key metrics on the status and age of applications to proactively identify and address any processing delays.

Sustaining these performance improvements in FY 2023 and beyond will require continued progress on several crosscutting initiatives. At the requested funding level, TTB will focus on achieving its performance target through ongoing process improvements, updates to its permit applications to simplify and streamline requirements, and IT modernization efforts to improve customer experience with Permits Online.

TTB will also continue to improve its procedures to screen permit applicants, refining the risk criteria, tools, and processes used to vet applicants for suitability to hold a Federal permit. TTB will use the results of its field investigations to inform its risk factors to improve the timeliness and effectiveness of its business qualification process.

TTB measures the *Initial Error Rate on Permit Applications*, which tracks how many applications are submitted either incomplete or with errors, to develop directed strategies to maintain timely service by increasing the number of first-time permit application approvals. Errors increase the overall workload volume, requiring extensive back-and-forth with applicants to ensure the application is complete prior to TTB review and verification, which adds to the total processing time.

Over the last five years, TTB's ability to meet its service standard for new permit applications has been challenged by high error rates, which have reached over 80 percent. Error rates are highest for prospective breweries, wineries, and distilleries, which have more complex applications compared to non-manufacturers (i.e., wholesalers and importers). In FY 2021, TTB achieved an error rate on new permit applications of 67 percent, up from 62 percent in FY 2020, but still down significantly from 82 percent in FY 2017. This increase was anticipated following the expiration of expedited review policies employed last year for hand sanitizer-related applications. As operations normalized in FY 2021, error rates increased, but are staying below 70 percent, indicating that recent efforts to streamline applications and processes are resulting in sustained improvements. Notably, error rates on brewery applications, an area of focused policy and process updates, have declined by approximately 10 percent since FY 2017.

Going forward, TTB will continue to focus on reducing errors on permit applications that delay processing and frustrate applicants. The bureau expects significant progress in the next few years as it continues to simplify permit requirements and modernize IT systems to make filing easier. In FY 2021, TTB implemented a major IT system enhancement based on recommendations from a review of its process for returning permit applications for corrections. Previously, the Permits Online filing system did not allow an applicant to add or correct information on the application after it was submitted. Instead, it was handled via email exchange between the TTB specialist and applicant, creating processing inefficiencies and limiting effective oversight of in-process applications. As part of the IT modernization initiative, Permits Online now enables incomplete applications to be returned and corrected by the submitter within the system. Preliminary results indicate processing efficiencies as well as more effective communications with industry members that improve the user experience. The new functionality also provides TTB with better access to data on frequent errors to direct its system development efforts and improve online guidance.

According to its measure of the *Percent of Electronically Filed Permit Applications*, which tracks the electronic filing rate for new business applications, TTB received 95 percent of permit applications via Permits Online in FY 2021. TTB attributes this ongoing increase to improvements in the Permits Online system, which provides improved guidance for first-time filers to navigate the application process. These system changes, combined with ongoing updates to online guidance available to industry, will continue to support TTB in achieving its FY 2023 targets to sustain electronic filing rates at or above 95 percent and reduce error rates on permit applications to 25 percent.

As part of its strategy to optimize electronic filing systems, TTB measures *Customer Satisfaction with the Permits Online eGov System* through an e-mail survey to assess how satisfied businesses are in applying for a permit or registration through Permits Online. In FY 2021, system satisfaction rates increased to 79 percent, ending the year just short of the 80 percent target. Notably, satisfaction continues to rise in conjunction with improved permit approval times, demonstrating a strong correlation between service levels and system satisfaction.

TTB expects this positive trend to continue in line with improved service times, and as TTB implements broader system modernization efforts supported by FY 2023 funding to provide applicants with a single integrated online filing experience. Additionally, TTB will focus on improving the level of service at its call center for customers seeking live assistance with the permit application process. Going forward, and at the requested funding level, TTB will improve its use of call center data to understand customer pain points and support strategic system enhancements to improve customer satisfaction.

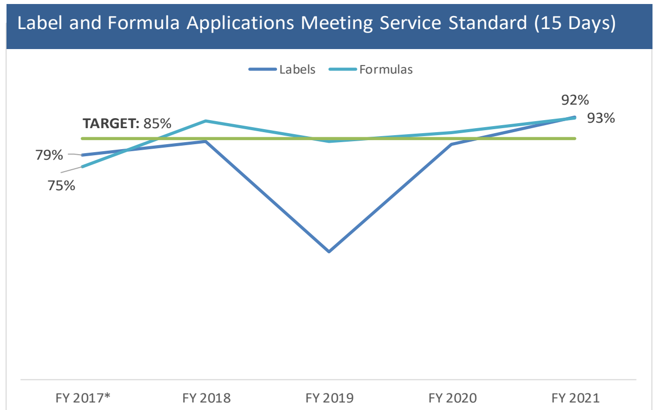
Broader changes to TTB's application requirements, some of which require rulemaking, are also underway. Using a zero-baseline approach in which no existing rule was taken for granted, TTB plans to modernize and streamline permit applications to minimize burden while meeting its statutory responsibilities and enforcement needs. The proposed changes are also informed by industry input on Treasury regulations that can be eliminated, modified, or streamlined to reduce burdens.

In early FY 2022, TTB published the first in a series of proposed rulemakings to simplify permit applications, starting with distilled spirits plants. The proposed changes should dramatically reduce open text fields and requirements to upload supporting documentation. In addition to reducing compliance burdens, the simplified requirements should also reduce the number of initial permit applications submitted with errors, which should contribute to improved approval times. The requested funding level supports TTB plans to publish similar notices for breweries and wineries by the end of FY 2023. These changes may need to be fully implemented before TTB can achieve and sustain its targeted performance levels for FY 2023, particularly as the alcohol beverage industry continues to grow.

In FY 2021, TTB received over 195,000 label and 28,000 formula applications for new alcohol beverage products. Given the importance of timely TTB approvals and the negative impact that delays have on U.S. businesses, TTB monitors its ability to provide timely and consistent service through its measure of the *Percentage of Alcohol Beverage Label and Formula Applications Processed within Service Standards*. TTB combines label and formula applications in this measure given the interdependent nature of these approvals.

In the last five years, in line with industry expansion and product innovation, submission volume has increased 15 percent for labels and 100 percent for formulas. COVID-19 temporarily halted the growth in label applications in FY 2020. However, in FY 2021, submissions rebounded to near pre-pandemic levels, increasing 7 percent over FY 2020. Distilled spirits label applications continued to lead this trend, increasing more than 20 percent over last year and nearly 60 percent in the last five years, driven by ongoing product innovation. This innovation has also contributed to increased formula submission across all alcohol beverage commodities. Malt beverage formula submissions continue to increase at the fastest rate, up another 32 percent compared to last year, due to the use of novel ingredients and market trends toward flavored malt beverage products.

In light of customer expectations, and supported by funding again enacted in the FY 2021 budget to accelerate approval times, TTB maintained a 15-day service standard for alcohol beverage label and formula applications in FY 2021. TTB set a performance target to meet this service standard for 85 percent of applications. Even as submission volume increased to pre-COVID levels, label performance improved in FY 2021. TTB ended the year at 93 percent of label applications meeting the 15-day standard, exceeding its performance target. This was achieved through effective monitoring and management of the application backlog combined with strategic workforce management to efficiently deploy staff in response to submission fluctuations. B y employing similar strategies, TTB was also able to overcome significant increases in formula submissions to meet the 15-day standard for 92 percent of formula applications, also exceeding its performance target. By year-end, label and formula applicants received approval in just 6 days on average, well below the 15-day standard, and a significant improvement over the 30 - 45 day standards that the bureau set and struggled to achieve in the past.



*Historic data adjusted to reflect the 15-day service standard for FY 2018 - 2021 to support trend analysis.

TTB expects performance to continue to trend positively at the FY 2023 requested funding level through continuous queue management and strategic resource alignment. As a result, TTB intends to maintain its 15-day service standard for label and formula applications. TTB will also work to sustain its progress in meeting this standard for at least 85 percent of applications in FY 2023 through initiatives to modernize IT systems and guidance, with particular focus on high frequency application errors that increase total workload and challenge timely processing.

Application errors are a key driver of label and formula processing times due to the additional review required for each resubmitted application. TTB uses its measure of the *Initial Error Rate of Label and Formula Applications* to monitor error trends and evaluate the effect of system and guidance enhancements on first-time approvals. In FY 2021, approximately 31 percent of label and formula applications were submitted incomplete or with errors, demonstrating continued year-to-year progress toward the targeted performance level of 25 percent. TTB made gains across commodity and application types. Notably, TTB ended the fiscal year at target for wine formulas and just above target at 26 percent for wine labels, proving the effectiveness of prior year strategies that focused on this commodity.

In FY 2021, TTB continued to use a data-driven strategy to address the most frequent application errors, with the goal of increasing the number of applications that do not need to be returned for correction. TTB made progress in issuing improved guidance on TTB.gov for each alcohol beverage commodity. This includes detailed examples of compliant label and formula submissions by commodity, as well as web-based tools to make it easier for industry members to determine if their products require TTB formula approval prior to filing a label – a high frequency error. Going forward, TTB intends to further reduce error rates by increasing and integrating industry guidance available on TTB.gov and its online systems. Once complete, TTB will have completely refreshed its core labeling guidance in an easy-to-read, user-friendly format to help improve compliant label submissions and reduce the burden of resubmissions on TTB and industry.

In addition, TTB continued its initiative to modernize Federal alcohol beverage labeling regulations to reflect current TTB policy and modern industry practices. When finalized, the updated regulations will facilitate industry compliance through simplified regulatory standards and reduce burdens where possible. In April 2020, TTB published the first final rule in its phased labeling modernization rulemaking, codifying a number of liberalizing proposals that received broad consensus and industry support. During FY 2021, TTB focused on updating industry guidance on TTB.gov so that industry could comply with and benefit from the new rules. Subsequent phases planned for fiscal years 2022 and 2023 will address specific labeling and advertising proposals for each alcohol beverage commodity, as well as crosscutting labeling issues. TTB will also indicate issues the bureau intends to close or reserve for future rulemaking. Through rulemaking, as well as policy guidance, TTB is seeking to equip industry with the information needed to submit more complete and accurate label and formula applications.

Sustaining service levels in FY 2023 will also be supported through ongoing enhancements to TTB's online systems. Over the last several years, TTB has deployed system enhancements to Certificate of Label Approvals (COLAs) Online and Formulas Online, focusing its efforts on compliance validations and embedded help features to address frequent application errors. These system releases have targeted both application errors (e.g., incomplete form fields) and label compliance errors (e.g., use of prohibited terms or images). FY 2021 results indicate that the changes implemented to date have proven effective, with error rates for label and formula applications ending the year at 31 percent, down 3 percent overall compared to last year, and 9 percent since FY 2018.

To be successful in this strategy, TTB must maintain high rates of electronic filing for label and formula applications. According to its measure of the *Percent of Electronically Filed Label and Formula Applications*, TTB now receives nearly 100 percent of applications via COLAs Online and Formulas Online, indicating that continued focus on system validations is warranted and will support performance goals in increasing accurate applications and accelerating approval times. In FY 2021, through its IT system modernization efforts, TTB expanded and improved system-based validations. These efforts included an enhancement to prevent the submission of label applications with low quality images. Problems with image legibility are among the top errors on label applications, and the system now flags low-resolution images so an applicant can address the error before they submit. Going forward, TTB plans to test the use of artificial intelligence to detect text and image errors on label applications, with the goal of alerting users to certain types of errors prior to submitting an application. As part of IT modernization, and at the FY 2023 funding level, TTB will also employ error data and user testing and feedback to make iterative enhancements to COLAs Online and Formulas Online to reduce application errors.

Through its measures of *Customer Satisfaction with COLAs Online and Formulas Online*, TTB monitors user satisfaction with the process of submitting an application through its electronic filing systems, collecting responses via e-mail survey to assess factors such as ease of access, guidance, and overall experience. In FY 2021, satisfaction rates increased from 80 percent to 83 percent for COLAs Online users, and 73 percent to 80 percent for Formulas Online users, meeting or exceeding the performance target for both systems. TTB attributes these increases in part to reduced processing times and anticipates that performance will continue to improve through FY 2023 in line with timely service levels. Further, TTB expects that system improvements funded at the FY 2023 request level, combined with regular review of survey feedback, will help TTB continue to exceed its user satisfaction target of 80 percent and attract users to its online systems to maintain its high electronic filing rates.

C – Changes in Performance Measures

Performance Measure or Indicator	Proposed Change and Justification
Claims Processed within Service Standard (30 - 45 days) (%)	TTB is proposing to add a performance measure on the percentage of claims that meet service standards, which will capture the different types of TTB claims (drawback and other claims as of FY 2022, and CBMA import claims as of FY 2023).

Section III – Additional Information

A – Summary of Capital Investments

Information Technology

TTB's Strategic Plan establishes the vision and objectives for the bureau in the business context. TTB's Information Technology (IT) Strategic Plan is a five-year plan based on its business strategy, which includes the bureau's mission, vision, goals, and objectives from an IT perspective. This plan charts the course the bureau will follow in the coming years to develop and implement IT solutions that are aimed at streamlining the collection of data, leveraging web technologies, and continuing to make the internet the method of choice for the reporting and exchanging of information between businesses and TTB. By aligning business and technical strategy, TTB is able to leverage technology to enable the bureau to meet its objectives in the most efficient and cost-effective manner while identifying ways to minimize system redundancy.

TTB has no major IT investments based on the OMB and the Department of Treasury criteria. Several non-major investments, however, directly support the mission, strategy, and day-to-day operations of the bureau. These include:

TTB Tax System: This investment consists of several component applications that ensure fair and proper collection of revenue from the industry members for alcohol, tobacco, firearms, and ammunition excise taxes and compliance with excise tax laws and regulations.

TTB Regulatory System: This investment includes applications that streamline the beverage and nonbeverage alcohol formula approval process and COLA issuance for tax and regulatory compliance.

TTB General Support Services: This investment provides TTB users with the infrastructure applications necessary to conduct daily business.

TTB Enterprise Architecture: This investment supports strategic management of IT operations (e.g., business process redesign efforts not part of an individual investment, enterprise architecture development, capital planning and investment control processes, procurement management, and IT policy development and implementation) and costs for Chief Information Officer functions.

In addition to leveraging IT to support the mission, strategy, and day-to-day operations of the bureau, TTB supports and maintains strategy alignment with OMB and Treasury through enterprise-wide IT initiatives. These include Cyber Security; IT Infrastructure; Electronic Identity and Access Management (HSPD-12); Enterprise-wide Contracts and Services; and Program Metrics and Milestones.

Scientific Equipment for Laboratories

This investment will enable TTB's chemists to continue to provide accurate and reproducible scientific data and laboratory results to support regulatory compliance, tax enforcement, tax classification, rulemaking, and investigations for both the alcohol and tobacco commodities. Laboratory instruments require periodic replacement, as they have finite lifecycles due to use and as advances in scientific technology render older instruments obsolete. Periodic replacement of the existing technologies and equipment is essential for TTB laboratories to remain state-of-the-art and effective to support the bureau's mission, strategy, and day-to-day operations.

A summary of capital investments, including major information technology and non-technology investments, can be accessed at:
https://www.treasury.gov/about/budget-performance/Pages/summary-of-capital-investments.aspx.

Department of the Treasury
Bureau of the Fiscal Service

Congressional Budget Justification and Annual Performance Plan and Report

FY 2023

Table of Contents

Section I – Budget Request

A – Mission Statement

Promote the financial integrity and operational efficiency of the Federal Government through exceptional accounting, financing, collections, payments, and shared services.

B – Summary of Request

The Bureau of the Fiscal Service (Fiscal Service) plays an integral role in the National Financial Critical Infrastructure (NFCI) of the entire Federal Government and touches the lives of nearly every American. Fiscal Service is guided by its enduring aspiration that the Government is an efficient steward of its financial resources; that financial information provided by the Government is accurate; and that financial interactions with the Government are inclusive, modern, seamless, and secure.

The FY 2023 request for the Fiscal Service is $372.485 million. The Budget ensures the viability of the Government's NFCI that finances Federal operations, collects revenue, disburses payments, and reports on the Government's financial position. Because of Fiscal Service's central role in Government-wide financial operations, the Budget also supports Treasury's leadership in transforming Federal financial management to become more efficient, more accurate and deliver better service to citizens.

The Budget provides resources to maintain current operations and supports ongoing initiatives in business modernization, customer experience, improving use of data, expanding access to digital financial services, innovative financial technology, operational integrity, and our workforce. This Budget supports the Financial Management Quality Service Management Office (FM QSMO), which is responsible for operating the Federal marketplace and making quality core financial service offerings available to all Federal agencies (funding for this activity was requested in FY 2022). The Budget also focuses on promoting integrity and equity in payment and collection practices.

The Budget also supports ongoing operations related to cybersecurity for High Value Assets (HVAs) and other systems that support the NFCI. Fiscal Service will continue to partner with the Department, leveraging resources provided through the Treasury Cybersecurity Enhancement Account, to implement modern solutions that will support the security, resiliency, and agility of these critical systems and continue to maintain the financial integrity and efficiency of our operations. Our work will also continue to strengthen our cybersecurity posture by enhancing our ability to identify threats and carry out the recent Executive Order 14028, *Improving the Nation's Cybersecurity* and OMB Memo M-22-09, *Federal Zero Trust Strategy*.

These priorities will advance Treasury's Strategic Plan FY 2022-2026, promote Fiscal Service's mission to transform Federal financial management, and result in improved service for the American public.

1.1 – Appropriations Detail Table

Dollars in Thousands

Appropriated Resources	FY 2021 Operating Plan		FY 2022 Annualized CR		FY 2023 Request		FY 2022 to FY 2023 % Change	
New Appropriated Resources	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**
Accounting and Reporting	398	$96,472	397	$89,482	399	$98,158	0.5%	9.7%
Collections	153	$41,109	155	$43,596	155	$48,020	0%	10.1%
Payments	512	$123,190	486	$123,697	486	$132,576	0%	7.2%
Retail Securities Services	402	$59,312	391	$64,244	391	$67,816	0%	5.6%
Wholesale Securities Services	125	$25,486	130	$24,550	130	$25,915	0%	5.6%
Matured Unredeemed Debt	0	$25,000	0	$25,000	0	$0	NA	-100.0%
Subtotal New Appropriated Resources	**1,590**	**$370,569**	**1,559**	**$370,569**	**1,561**	**$372,485**	**0.1%**	**0.5%**
Other Resources								
Reimbursable	15	$224,642	9	$208,823	9	$185,149	0.0%	-11.3%
Debt Collection Fund	332	$165,538	307	$187,363	335	$199,236	9.1%	6.3%
Unobligated Balances from Prior Years	0	$137,952	0	$202,056	0	$188,713	NA	-6.6%
Subtotal Other Resources	**347**	**$528,132**	**316**	**$598,292**	**344**	**$573,098**	**8.9%**	**-4.2%**
Total Budgetary Resources	**1,937**	**$898,701**	**1,875**	**$968,811**	**1,905**	**$945,583**	**1.6%**	**-2.4%**

Note: FY 2021 Other Resources and Full-time Equivalents (FTE) reflect actuals. Table does not include the $78.65 million supplemental funding provided the Coronavirus Aid, Relief, and Economic Security Act (CARES) (P.L.116-136) in FY 2020 and $23.2 million provided by the American Rescue Plan (ARP) (P.L.117-2) in FY 2021. Unobligated balances do not include CARES and ARP. Also, the 2023 Budget Appendix includes a separate presentation for the Debt Collection Fund.

1.2 – Budget Adjustments Table

Dollars in Thousands

	FTE	Amount
FY 2022 Annualized CR	**1,559**	**$370,569**
Changes to Base:		
2023 Maintaining Current Levels (MCLs):	0	$12,276
Pay Annualization	0	$1,593
Pay Raise (4.6% average pay raise)	0	$8,197
Non-Pay	0	$2,486
Other Adjustments		
Adjustments to Meet Current Operating Levels	0	$6,940
Non-Recurring Costs:		
Matured Unredeemed Debt[1]	0	($25,000)
Subtotal Changes to Base	0	($5,784)
FY 2023 Current Services	**1,559**	**$364,785**
Program Changes:		
Program Increases:		
Quality Service Management Office[1]	2	$3,700
Fraud Prevention and Equitable Debt Collection Initiatives	0	$4,000
Subtotal Program Changes	2	$7,700
FY 2023 President's Budget Request	**1,561**	**$372,485**

[1]Included in the FY 2022 President's Budget.

C – Budget Increases and Decreases Description

Maintaining Current Levels (MCLs)..+$12,276,000 / +0 FTE

Pay Annualization (2.7%) +$1,593,000 / +0 FTE

Funds are requested for annualization of the January 2022 2.7% average pay raise.

Pay Raise (4.6%) +$8,197,000 / +0 FTE

Funds are requested for a 4.6% average pay raise in January 2023.

Non-Pay +$2,486,000 / +0 FTE

Funds are requested for non-labor expenses such as travel, contracts, rent supplies, and equipment.

Other Adjustments..+$6,940,000 / +0 FTE

Adjustments to Meet Current Operating Levels +$6,940,000 / +0 FTE

Funds are requested to cover pay and non-pay inflationary costs that are realized in FY 2022 but not appropriated under an annualized CR.

Non-recurring Cost..-$25,000,000 / -0 FTE

Matured Unredeemed Debt -$25,000,000 / -0 FTE

United States Savings Bonds that have reached final maturity and stopped earning interest are considered Matured Unredeemed Debt (MUD). As of the end of FY 2021, the MUD balance had reached $29.9 billion. The Consolidated Appropriations Act, 2021, (P.L. 116-260) provided $25 million, available until expended, for the digitization of records of matured savings bonds that have not been redeemed. This adjustment removes this appropriation from the FY 2023 Current Services levels.

Program Increases ....**+$7,700,000 / +2 FTE**

Quality Services Management Office +$3,700,000 / +2 FTE

This funding, which was originally requested in the FY 2022 President's Budget, will support the continued implementation and management of the Financial Management Quality Service Management Office (FM QSMO) Marketplace, advance Government wide adoption of shared services, and ensure robust financial management support for Federal agencies. Funding will support ongoing collaboration with agency leaders modernizing financial systems; management of processes to ensure equitable access for industry to offer modern, secure, innovative, standards-based solutions and services as providers in the Marketplace; review of agency Marketplace acquisition requests to ensure adherence to standards; and delivery of expert guidance that will advance Government-wide financial management goals. FM QSMO will streamline access to Treasury services and empower customer agencies to create new opportunities for underserved communities through increased opportunities for small and disadvantaged businesses, which advances Treasury Strategic Objectives 1.3 (Economically Resilient Communities) and 5.4 (Customer Experience Practice).

Fraud Prevention and Equitable Debt Collection Initiatives +$4,000,000 / +0 FTE

Fiscal Service continues to focus on payment integrity and implementing best practices to ensure equitable debt collections. The Payment Integrity Center of Excellence (PICOE) and the Do Not Pay (DNP) Business Center improve the integrity of Government-wide financial transactions by providing business insight and solutions that assist government agencies in identifying, preventing, and recovering improper payments. DNP also assists agencies by providing a combination of access to data sources and data analytics to aid in identification, mitigation, and elimination of improper payments. PICOE will continue to leverage cross Government data sharing, an account verification service, the Treasury Check Verification System, investigative case support and other activities to improve payment accuracy and integrity. These activities will help to advance the Administration’s efforts to prevent and detect identity theft involving public benefits. While promoting the integrity of payments, Fiscal Service will also be promoting and reviewing equity in its debt collection practices by helping customer agencies to identify and implement changes that will improve their processes. This work will enable the Bureau to leverage data while enhancing information sharing practices to advance Treasury Strategic Objectives 5.3 (Better Use of Data) and 5.4 (Customer Experience Practice).

1.3 – Object Classification (Schedule O) Obligations

Dollars in Thousands

Object Classification	FY 2021 Actual Obligations	FY 2022 Estimated Obligations	FY 2023 Estimated Obligations
11.1 - Full-time permanent	191,408	190,473	201,687
11.3 - Other than full-time permanent	443	214	227
11.5 - Other personnel compensation	6,832	5,227	5,591
11.9 - Personnel Compensation (Total)	**198,683**	**195,914**	**207,506**
12.0 - Personnel benefits	73,471	76,570	81,024
13.0 - Benefits for former personnel	0	0	0
Total Personnel and Compensation Benefits	**$272,154**	**$272,484**	**$288,530**
21.0 - Travel and transportation of persons	330	781	1,406
22.0 - Transportation of things	36	56	60
23.1 - Rental payments to GSA	24,222	26,265	27,994
23.2 - Rental payments to others	0	0	0
23.3 - Communications, utilities, and miscellaneous charges	71,608	63,629	59,573
24.0 - Printing and reproduction	88	112	119
25.1 - Advisory and assistance services	54,327	51,954	58,409
25.2 - Other services from non-Federal sources	21,263	39,341	37,384
25.3 - Other goods and services from Federal sources	279,606	311,239	288,487
25.4 - Operation and maintenance of facilities	2,016	1,957	2,089
25.7 - Operation and maintenance of equipment	8,788	6,411	6,659
26.0 - Supplies and materials	3,883	2,767	2,956
31.0 - Equipment	2,477	1,899	1,676
32.0 - Land and structures	53	302	372
Total Non-Personnel	**$468,697**	**$506,714**	**$487,185**
Total Obligations	**$740,851**	**$779,198**	**$775,714**

Full-time Equivalents (FTE)	**1,937**	**1,875**	**1,905**

Note: Table does not include obligations related to the Coronavirus Aid, Relief, and Economic Security Act (CARES) (P.L.116-136) and the American Rescue Plan (ARP) (P.L.117-2). Also, while the 2023 Budget Appendix includes a separate presentation for the Debt Collection Fund, this table includes amounts presented in Schedule O of the Debt Collection Fund account.

D – Appropriations Language and Explanation of Changes

Appropriations Language	Explanation of Changes
DEPARTMENT OF THE TREASURY BUREAU OF THE FISCAL SERVICE *Federal Funds* SALARIES AND EXPENSES *For necessary expenses of operations of the Bureau of the Fiscal Service, $372,485,000; of which not to exceed $8,000,000, to remain available until September 30, 2025, is for information systems modernization initiatives; and of which $5,000 shall be available for official reception and representation expenses.* *In addition, $165,000, to be derived from the Oil Spill Liability Trust Fund to reimburse administrative and personnel expenses for financial management of the Fund, as authorized by section 1012 of Public Law 101–380.* Note.—A full-year 2022 appropriation for this account was not enacted at the time the budget was prepared; therefore, the budget assumes this account is operating under the Continuing Appropriations Act, 2022 (Division A of P.L. 117–43, as amended). The amounts included for 2022 reflect the annualized level provided by the continuing resolution.	

Federal Reserve Bank Permanent, Indefinite Appropriation

The Federal Reserve Banks (FRBs) act as fiscal agents of the United States when directed by the Secretary of the Treasury in accordance with 12 U.S.C. § 391. Under this account, the FRBs support fiscal operations unrelated to the administration of the public debt and provide banking and financial services on behalf of the United States Treasury. Specifically, this account supports accounting and reporting, collections, payments, and debt collection programs. These, and other programs, are vital to the NFCI, Treasury's and Fiscal Service's strategic goals, and the expansion of e-Government efforts to reduce costs, improve accuracy and increase options available to citizens to conduct transactions with the Federal Government. Fiscal Service estimates that the cost of FRB services for FY 2023 will be approximately $685 million.

Reimbursements to the Federal Reserve Banks

Public Law (P.L.) 101-509, 104 Stat. 1389, 1394 (1990), established a permanent, indefinite appropriation to pay such sums as may be necessary to reimburse the FRBs for acting as fiscal agents. This account was further defined in FY 1992 to solely support those activities related to the administration of the public debt. Funding for FY 2023 is estimated at $188 million.

Financial Agent Services Permanent, Indefinite Appropriation
Congress has given the Secretary of the Treasury authority to deposit money in financial institutions and obtain banking and financial services by designating qualified financial institutions to act/serve as Financial Agents (FAs) of the United States. The services support many Fiscal Service programs, such as collections, payments, and debt collection. The services provided by the FAs are authorized under numerous statutes including, but not limited to, 12 U.S.C. 90 and 265. Fiscal Service estimates the cost of FA services for FY2023 will be approximately $1,012 million, which includes $1.3 million for Government Sponsored Enterprise – Mortgage-Backed Securities administrative costs.

Government Losses in Shipment
P.L. 103-329 established a permanent, indefinite appropriation to pay such sums as necessary to make payments for the replacement (or value) of valuables lost, destroyed, or damaged during United States Government shipments. The Government Losses in Shipment Act (the Act) was enacted July 8, 1937, to dispense with the necessity for insurance by the Government against loss or damage to valuables in shipment and for other purposes. The Act was amended in 1943 to cover losses resulting from the redemption of savings bonds (for example, stolen bonds that were fraudulently negotiated even though the paying agent followed identification guidelines established by the Treasury). All Authority of the Treasury under the Act is delegated to the Fiscal Service Commissioner. In FY 2023, the funding estimated to support payments for the replacement of valuables is approximately $1.6 million.

1.4 – Permanent, Indefinite Appropriations Table

Dollars in Thousands

Permanent, Indefinite Appropriation	FY 2021 Actual	FY 2022 Estimate	FY 2023 Request
Federal Reserve Bank[1]	$620,341	$665,000	$685,000
Reimbursements to the Federal Reserve Banks	$156,667	$183,000	$188,000
Financial Agent Services[1,2]	$910,460	$1,016,000	$1,012,000
Government Losses in Shipment	$1,389	$1,389	$1,627

[1]Approx $100M was reimbursed from other Government agencies and deposited into the General Fund in FY 2021.
[2]FY 2021 - FY 2023 includes $1M per year for the Government Sponsored Enterprise - Mortgage Backed Securities administrative costs.

E – Reorganization Notification - Future Readiness
The Bureau of the Fiscal Service has planned a reorganization to better position itself for the future. Treasury's strategic plan recognizes the importance of the Government's financial infrastructure to the health of the nation's economy and the welfare of its citizens. The strategic plan contains ambitious goals for the resiliency of our financial systems, the efficiency of our operations, and the quality of our services. To achieve these goals, the strategic plan envisions a diverse Treasury workforce that is highly skilled and represents the communities we serve.

The planned re-alignment of Fiscal Service translates the goals of Treasury's strategic plan as well as the Bureau's Vision for the Future of Federal Financial Management into organizational capabilities. Over the past year, we assessed the current state and explored a potential future state by conducting nearly a dozen workshops with industry experts, Fiscal Service employees, customer agencies, and program partners (e.g., the Federal Reserve Banks). The team also interviewed over 80 stakeholders who use our services. We learned how our environment will change and what our customers expect us to deliver.

The new organizational structure will better position Fiscal Service to provide a modern experience for its customers, strengthen its legacy of operational excellence, advance the adoption of its shared services, and create a diverse and inclusive workforce focused on continual professional development. The new structure will allow Fiscal Service to not only achieve our own vision for Federal financial management, but also support the goals set by Treasury's strategic plan.

The benefits of the reorganization will be realized by the American public, Federal agencies, and our employees. For the public, the emphasis on the end-to-end customer experience will mean seamless financial interactions across multiple programs – not a different experience for each program. Federal agency customers can access an integrated set of central and reimbursable services – not numerous system interfaces that seem to operate independently. Employees can focus on their development as Federal financial professionals – and not as narrowly-focused experts of a specific solution or domain. The planned organizational structure would break down our engrained organizational silos to emphasize our priorities (e.g., data, innovation, and customer experience) while maintaining operational excellence and catalyzing a culture change within the workforce.

Fiscal Service is not requesting any additional funds to implement this reorganization, and the reorganization does not result in any changes to the structure of our budget or program line items. The reorganization will not reduce the number of employees, nor will it impact employee grade levels. Additionally, the planned realignment will not require employees to relocate or change duty stations.

F – Legislative Proposals

1. Fund the Federal Payment Levy Program via collections. *Estimated costs: $220 million in Fiscal Service costs to operate the Tax Levy Program in the Treasury Offset Program over 10 years. Fiscal Service is currently being reimbursed for this cost from IRS appropriated funding.*

This proposal improves the way the Fiscal Service collects its reimbursement from IRS to cover Fiscal Service's costs in developing and operating the Federal Payment Levy Program (FPLP), which utilizes the Treasury Offset Program to process levies of Federal payments to collect delinquent tax debts. Under the Economy Act, the IRS pays fees to Fiscal Service from the IRS annual discretionary appropriation. This proposal authorizes Fiscal Service to recover its costs from levy collections, rather than from IRS's direct appropriation, which reduces administrative and overhead costs for both Fiscal Service and IRS. It would also allow IRS to re-direct the use of appropriated dollars that are currently needed to fund FPLP to other initiatives that will aid in the collection of delinquent tax debt.

2. Amend the Bank Merger Act to allow for the transition of Treasury-sponsored debit card accounts from one bank to another. *The cost avoidance associated with this proposal is estimated to be $17.64 million in labor and materials. The estimated cost avoidance will only materialize if a new financial agent is designated.*

This proposal would amend the Bank Merger Act to allow for the transition of Treasury-sponsored debit card accounts from one bank to another when Treasury changes its financial agent. Current law restricts Treasury's ability to move its sponsored debit card accounts to a new bank in order to obtain better or lower cost services. Treasury sponsored debit card programs, particularly the Direct Express program that provides Social Security benefits and Supplemental Security Income benefits, serve a vulnerable population. Thus, any disruption in service resulting from the transition to a new financial agent could have a devastating impact. To mitigate these risks, this proposal would authorize Treasury to retain new financial agents for services involving sponsored debit card accounts.

Proposed Statutory Revision: Amend 12 USC 1828(c) by adding a new section (c)(14) to read: *"This section does not apply to a transfer of deposits by an insured depository institution holding such deposits in its capacity as a financial agent of the government. Deposits held by a financial agent of the government may be transferred without consent of the account holders to another financial agent designated by the government to hold such accounts."*

Section II – Annual Performance Plan and Report

A – Strategic Alignment
In FY 2021, Fiscal Service collected over $4.91 trillion in revenue, issued more than 1.7 billion payments totaling $6.4 trillion, and conducted 472 auctions that sold $20.04 trillion in Treasury marketable securities to fund critical Government operations. Fiscal Service accounted for the Nation's $28.4 trillion public debt down to the penny, every day.

Fiscal Service operations and initiatives support and advance all five of Treasury's strategic goals. Specifically, Fiscal Service supports these Treasury strategic goals and objectives.

- Goal 1 - Promote Equitable Economic Growth and Recovery
  - Objective 1.3 - Economically Resilient Communities
- Goal 2 - Enhance National Security
  - Objective 2.1 - Cyber Resiliency of Financial Systems and Institutions
- Goal 3 - Protect Financial Stability and Resiliency
  - Objective 3.3 - Financial Innovation
- Goal 4 - Combat Climate Change
  - Objective 4.4 - Sustainable Treasury Operations
- Goal 5 - Modernize Treasury Operations
  - Objective 5.1 - Recruit and Retain a Diverse and Inclusive Workforce
  - Objective 5.2 - Future Work Routines
  - Objective 5.3 - Better Use of Data
  - Objective 5.4 - Customer Experience Practices

Fiscal Service continues its mission to promote the financial integrity and operational efficiency of the Federal Government through exceptional accounting, financing, collections, payments, and shared services. Fiscal Service is guided by Treasury's strategic plan, the Future of Federal Financial Management Vision (FM Vision), and its own strategic plan.

The FM Vision outlines three expectations citizens have for Federal financial management which guide the work within Fiscal Service:

- The Government is an efficient steward of its financial resources;
- Financial information provided by the Government is accurate; and
- Financial interactions with the Government are inclusive, modern, seamless, and secure.

We are committed to providing our customers with innovative, modern financial management solutions. This includes providing a modern customer experience to the American public, leading the Federal financial management community, and unlocking value for agency Chief Financial Officers (CFOs).

To transform financial management, Fiscal Service is guided by its strategic vision to deliver operational excellence and business modernization, provide a modern customer experience, engage its diverse high-performing workforce, increase data integrity and transparency, and provide innovative solutions to the financial management community. These transformations are more important than ever as we move forward.

Fiscal Service fulfills its mission and strategic vision through appropriated budget activities - Accounting and Reporting, Collections, Payments, Retail Securities Services, Wholesale Securities Services - and one mandatory budget activity - Debt Collection, which is funded through delinquent debt collection revenue.

The following sections detail how specific budget activities support the strategic direction and illustrate FY 2021 performance accomplishments and FY 2022 and 2023 performance goals.

B – Budget and Performance by Budget Activity

2.1.1 – Accounting and Reporting Resources and Measures

Dollars in Thousands

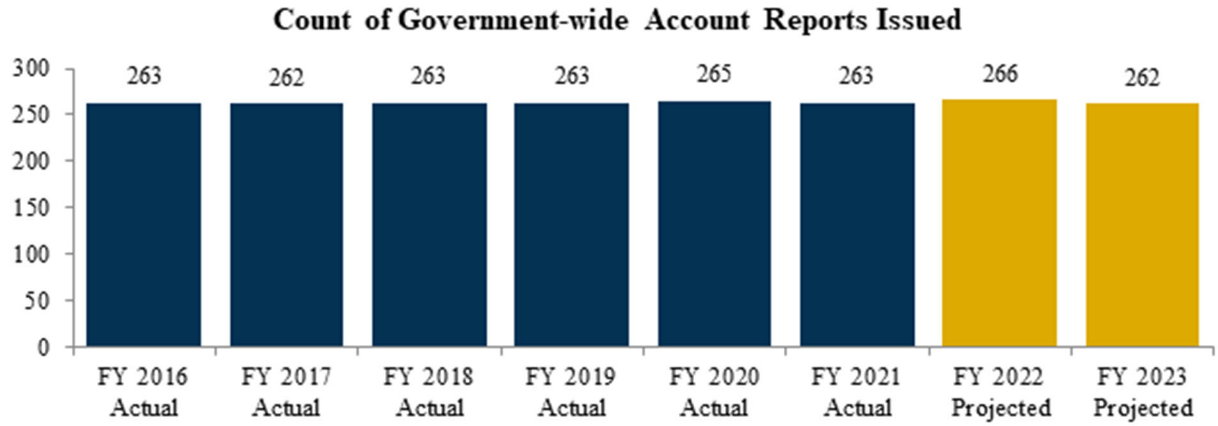
Resource Level	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Annualized CR	FY 2023 Request
Appropriated Resources	$114,829	$90,291	$94,104	$94,446	$102,344	$89,482	$98,158
Reimbursable Resources	$23,800	$18,923	$20,114	$21,205	$23,937	$26,365	$19,951
Budget Activity Total	**$138,629**	**$109,214**	**$114,218**	**$115,651**	**$126,281**	**$115,847**	**$118,109**
Full-time Equivalents (FTE)	**381**	**400**	**373**	**355**	**400**	**399**	**401**

Performance Measure	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2021 Target	FY 2022 Target	FY 2023 Target
Percentage of Government-wide Accounting Reports Issued Timely (%)	100	100	99.6	100	100	99.5	99	99

Note: The FY 2017 - FY 2021 appropriated resources represent actual obligations.

Accounting and Reporting Budget and Performance

($98,158,000 from direct appropriations, $19,951,000 from reimbursable sources):
Fiscal Service collects, analyzes, and publishes Government-wide financial information, made available to both the public and private sectors, to provide transparency on the Government's financial status. Fiscal Service is responsible for maintaining the Federal Government's set of accounts and serves as the repository of information for the financial position of the United States Government. The Bureau closely monitors the Government's monetary assets and liabilities through its oversight of central accounting and reporting systems. Fiscal Service oversight responsibilities include helping Federal agencies use uniform accounting and reporting standards and systems and assuring the continuous exchange of financial information between Federal agencies, OMB, and financial institutions. The Bureau also gathers and publishes Government-wide financial information for use in establishing fiscal and debt management policies as well as to allow the public and private sectors to monitor the Government's financial status. In FY 2021, Fiscal Service issued a total of 263 Government-wide accounting reports.



Description of Performance:
In FY 2021, Fiscal Service accounted for and reported on the financial activity related to the $28.4 trillion public debt and managed a daily cash flow of $209.9 billion. Fiscal also issued and serviced $6.2 trillion in Treasury securities invested by 53 Federal agencies in over 155 Federal Government trust and investment accounts, including $3.2 trillion in 17 managed trust funds. Fiscal Service continued to issue 100 percent of Government-wide accounting reports on time, including the annual Financial Report of the United States Government, which reports the financial condition of the Federal Government using accrual basis of accounting.

During FY 2021, Fiscal completed four data quality analyses of Fiscal Service data, identifying areas for improvement as well as further maturing the data quality framework. Supporting Treasury's customer experience objectives, Fiscal Data launched its first major usability improvements since the initial release of FiscalData.gov, allowing users to select the specific date range for the requested data and the ability to download all data tables from a given dataset at once. Additionally, supporting Treasury's data transparency objectives, Fiscal Service added 19 new datasets to Fiscal Data, bringing the total number of datasets on the site to 37, more than doubling the datasets from the Minimum Viable Product (MVP) launch last year.

To further expand data transparency with the American public, the Bureau published COVID-19 spending data on USAspending.gov which offers a detailed view into the $4.5 trillion spent in response to the pandemic. Fiscal also released a *Your Guide to America's Finances* update with FY 2021 data on the Data Lab to coincide with the release of the Federal Government's year-end financial data.

Additionally, Fiscal received its 25th consecutive unmodified audit opinions on the Schedules of Federal Debt from the Government Accounting Office and received timely certification from 22 of 24 CFO Act agencies and 60 of 78 independent agencies on their DATA Act submissions.

In FY 2023, Accounting and Reporting will continue to pursue innovative solutions to data quality challenges, improve delivery and digestibility of data available to the American public, and improve the audit and reporting process for Federal agencies.

In support of Treasury's objective to increase timely access to and use of quality data, Fiscal will identify data quality challenges by automating data quality analysis and providing automated data reports to drive data quality improvements. Additionally, Fiscal Service will improve our data architecture and data delivery for the Government to eliminate data redundancies, streamline processes and standards, and introduce real-time, on-demand analytics and data services.

Fiscal Service will also continue efforts to improve data transparency and accessibility. The Bureau will continue migrating open datasets to Fiscal Data, resulting in maximum usability and an intuitive customer experience. By centralizing all Fiscal Service datasets to Fiscal Data, it creates a one-stop shop for the public and Federal agencies to find Fiscal Service data in easy to use, machine readable formats. Additionally, Fiscal Service will continue to translate complex public finance data into simple, digestible insights through USAspending. This website can play a key role in building trust in Government by making complex information clear and easy to understand. In FY 2023, Fiscal Service will continue to make improvements and enhancements to the website based on user feedback and will incorporate human-centered design principles to make Federal data easier to understand and more accessible to the public.

Lastly, Fiscal Service will continue to advance enterprise analytics during FY 2023 to foster a strong data analytics culture, modernize analytics capabilities across the Bureau, and enable Fiscal Service to better leverage data to inform decision-making and improve performance.

2.1.2 – Collections Resources and Measures

Dollars in Thousands

Resource Level	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Annualized CR	FY 2023 Request
Appropriated Resources	$35,281	$38,338	$42,333	$38,976	$42,317	$43,596	$48,020
Reimbursable Resources	$7,028	$8,042	$7,804	$8,535	$9,311	$7,754	$9,725
Budget Activity Total	**$42,309**	**$46,380**	**$50,137**	**$47,511**	**$51,628**	**$51,350**	**$57,745**
Full-time Equivalents (FTE)	**159**	**160**	**156**	**148**	**153**	**155**	**155**

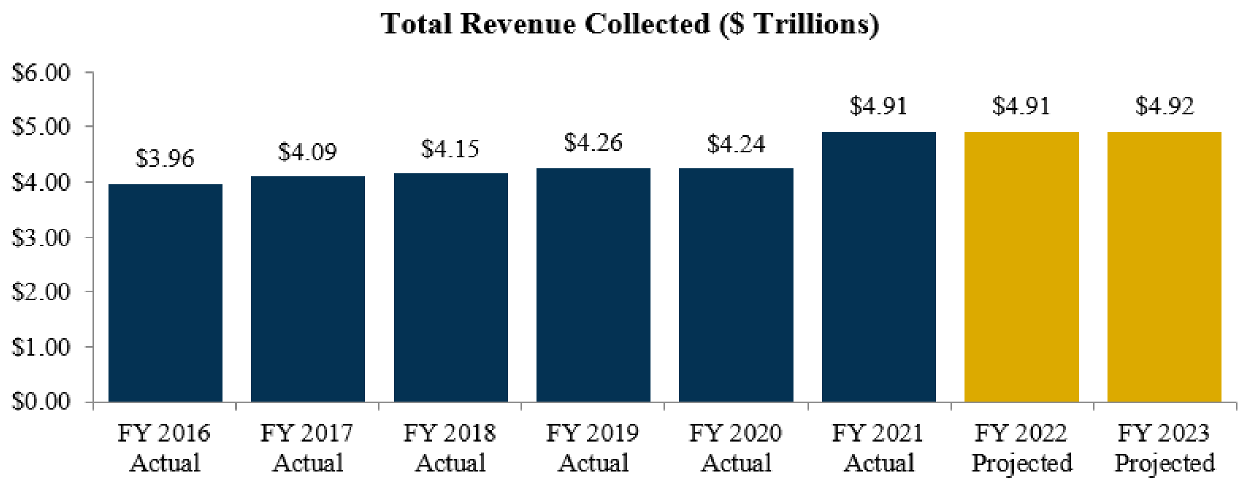
Performance Measure	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2021 Target	FY 2022 Target	FY 2023 Target
Percentage of Total Federal Government Receipts Settled Electronically (%)	98.3	98	98.4	99	99.6	98	99	99

Note: The FY 2017 - FY 2021 appropriated resources represent actual obligations.

Collections Budget and Performance

($48,020,000 from direct appropriations, $9,725,000 from reimbursable sources):
The Collections budget activity supports the NFCI and Treasury by administering the world's largest Government collections system through a network of Fiscal and Financial Agents. Fiscal Service's collections network supports a significant number of transactions and dollars collected, demonstrating the criticality of our programs to the economy, to the operations of Government, and to the daily lives of the American public.

In FY 2021, Fiscal Service collected nearly $4.91 trillion in Federal revenue, including individual and corporate income tax deposits, customs duties, fees for Government services, fines, and loan repayments. Within the Federal revenue collected, the Electronic Federal Tax Payment System (EFTPS) processed nearly 202.2 million transactions valued at over $3.56 trillion in tax revenue while Pay.gov processed over 81.4 million transactions worth nearly $210.4 billion.



<u>Description of Performance</u>:
In FY 2021, Fiscal Service settled 99.6% of the funds collected electronically. This is an increase over the electronic settlement rate of 99% in FY 2020 as Fiscal Service advanced several projects to increase digitization, including expanding adoption of eCommerce digital collection options across Federal agencies. These projects continued to move paper-based transactions to electronic alternatives (e.g., Pay.gov, Digital Wallets, etc.). Fiscal Service will continue to promote electronic alternatives and assist Federal agencies in converting collections from paper to electronic media, which supports the Administration's climate priority and Treasury Strategic Objectives 3.3 (Financial Innovation) and 4.4 (Sustainable Treasury Operations).

Fiscal Service also continues efforts to streamline lockbox networks which process paper-based payments and forms. In FY 2020, the General Lockbox Network was streamlined from three financial agents to one, and from four lockbox sites to two. In FY 2021, the IRS Lockbox Network was streamlined from three financial agents to two, and from five lockbox sites to three. In FY 2023, Fiscal Service plans to continue to increase digitization and streamline lockboxes in support of Treasury's objectives of financial innovation, sustainable operations, equity, and the customer experience. Fiscal Service will be advancing its General Lockbox Network digitization efforts, with a goal of reducing paper volume by 25% by 2024. Additionally, Fiscal Service will convert 25% of Treasury General Account Network transactions from cash and check bank deposits to electronic by 2025.

2.1.3 – Payments Resources and Measures

Dollars in Thousands

Resource Level	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Annualized CR	FY 2023 Request
Appropriated Resources	$133,998	$131,160	$122,835	$136,678	$136,627	$123,697	$132,576
Reimbursable Resources	$111,464	$117,264	$113,313	$118,127	$139,842	$130,845	$135,676
Budget Activity Total	**$245,462**	**$248,424**	**$236,148**	**$254,805**	**$276,469**	**$254,542**	**$268,252**
Full-time Equivalents (FTE)	**597**	**508**	**477**	**487**	**524**	**492**	**492**

Performance Measure	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2021 Target	FY 2022 Target	FY 2023 Target
Percentage of Treasury Payments Made Electronically (%)	95.1	95.4	95.6	96	96.2	96.1	96.4	96.6
Count of Improper Payments Identified or Stopped (# in Thousands)	21.4	20.3	22.4	22.8	23.8	21.5	22.5	23.6
Dollar Amount of Improper Payments Identified or Stopped ($ Millions)	36.6	35.5	41.1	43.5	47.6	37.0	38.8	40.7

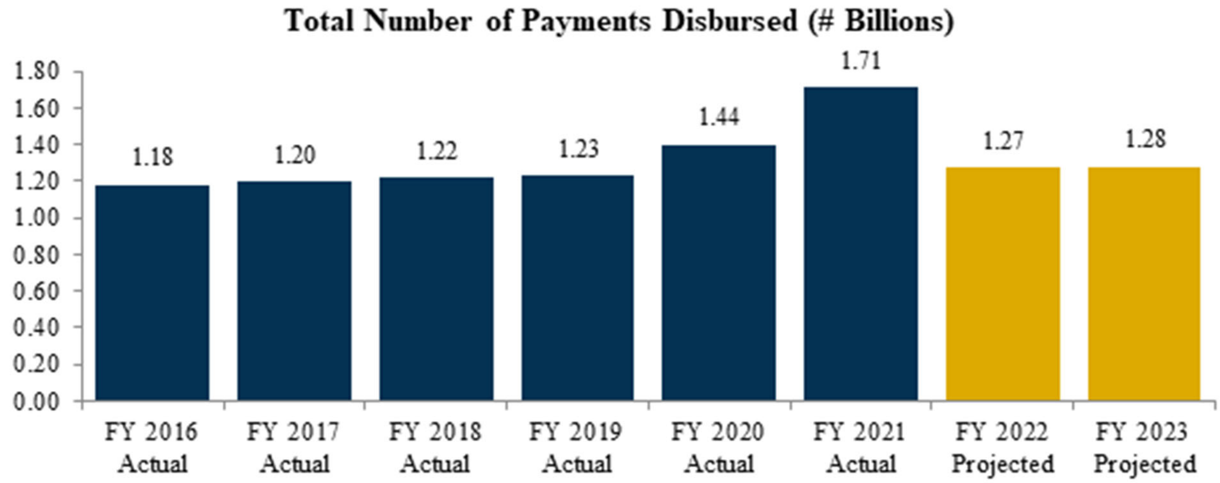
Note: The FY 2017 - FY 2021 appropriated resources represent actual obligations.

Payments Budget and Performance

($132,576,000 from direct appropriations, $135,676,000 from reimbursable sources):
The Fiscal Service Payments budget activity supports the National Financial Critical Infrastructure (NFCI) and delivers Federal payments on behalf of more than 250 Federal entities through disbursement mechanisms such as paper checks, Electronic Fund Transfers (EFT), debit cards, and other digital payment mechanisms. The public relies on the Fiscal Service disbursement of payments, including programs such as Veterans' Compensation and Pension, Social Security Benefits, Federal and Railroad Pensions, IRS tax refunds, and Supplemental Security Income (SSI). Fiscal Service continues to focus on improving the public's payment experience, promoting the use of electronic channels in the payments process, and assisting agencies in converting payments from paper checks to electronic, improving payment integrity, expanding financial inclusion, promoting cost-effective and sustainable operations in support of the Administration's climate priority and Treasury Strategic Objectives 3.3 (Financial Innovations) and 4.4 (Sustainable Treasury Operations), and delivering payments and related services expeditiously to the American public.

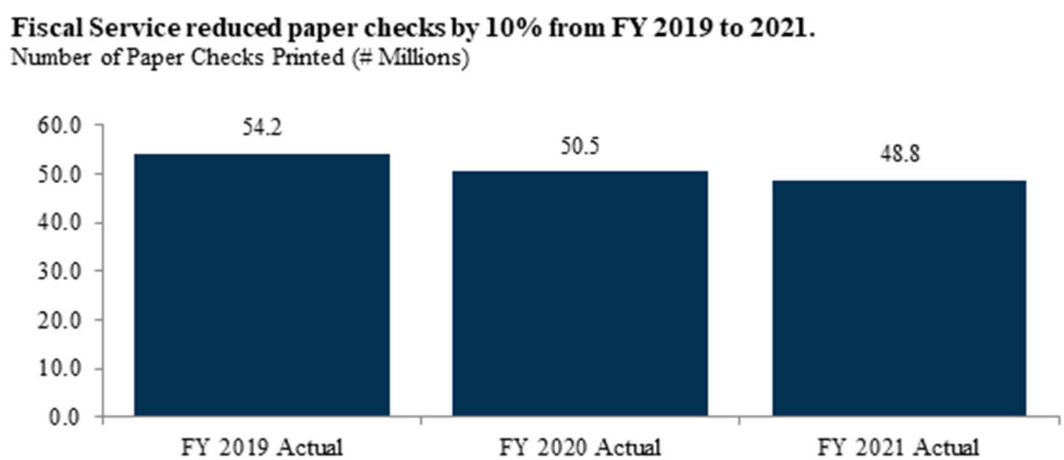
Fiscal Service continues to increase the percentage of Federal payments which are Treasury-disbursed. In FY 2021, Fiscal Service disbursed 90.5 percent of all Federal payments (88.4 percent excluding Economic Impact Payments).

In FY 2021, the Fiscal Service payments activity continued to support COVID-19 pandemic recovery efforts, specifically the delivery of Economic Impact Payments (EIP) and the Advance Child Tax Credit (CTC) payments to the American public. These recovery programs have significantly increased the payments workload volume. In FY 2021, Fiscal Service issued approximately 500 million more payments than in 2019, or a 42% increase in the number of payments disbursed. In FY 2021, Fiscal Service securely disbursed 1.7 billion payments, totaling $6.4 trillion.



<u>Description of Performance</u>:
In FY 2021, Fiscal Service was critical to the rapid implementation of programs providing relief to American workers and families during the coronavirus pandemic. Fiscal Service's use of modern, seamless, and secure electronic payment methods dramatically improved the speed and delivery of payments, including more than 428 million EIP2, EIP3, and CTC payments totaling $583 billion.

While supporting recovery efforts, Fiscal Service also continued advancing its planned initiatives and modernizations within the Payments activity. One major initiative in this area was the FY 2020-2021 Agency Priority Goal (APG) to improve the public's payment experience by reducing paper checks and increasing electronic payments. Excluding EIPs and checks directly related to the pandemic, Fiscal Service achieved its APG targets and reduced checks from 54.2 million in 2019 to 48.8 million in 2021, a 10% reduction. Additionally, collaborating with the IRS, Fiscal Service increased the IRS Tax Refund electronic rate from 77% in 2019 to 80.3% in 2021. This increase in electronic payments resulted in faster, more secure, and significantly fewer payment issues or exceptions for the public.



**Excludes EIPs, Department of Education, and Department of Veterans Affairs checks directly related to the pandemic.*

In FY 2022-2023, Fiscal Service will build on these efforts with a new APG to provide a modern, seamless, and secure payment experience for the public that meets customer needs while reducing costs, expanding financial inclusion, and improving climate sustainability of Treasury's operations by increasing electronic payments. Supporting Executive Order 14058, *Transforming Federal Customer Experience and Service Delivery to Rebuild Trust in Government* and Treasury's designation as a High-Impact Service Provider and the Administration's climate and equity priorities, the Bureau, in collaboration with IRS, will seek to improve the electronic payment rate for all payments (including individual tax refunds) and improve financial inclusion. Fiscal will continue to promote and increase the delivery of payments through EFT, with an emphasis on tax refunds, vendor payments, benefit payments, and other miscellaneous payments. This is especially notable, as historically, check payments are 16 times more likely to have exceptions (e.g., lost, stolen, returned, etc.) than payments made via direct deposit. Additionally, the Bureau plans to explore, develop, and deploy innovative, customer-driven electronic payment solutions.

In FY 2023, Fiscal Service plans to continue modernizing the entire payments lifecycle. This initiative will modernize payment disbursement and address aging technology, resulting in increased efficiencies, improved resiliency and security, and an enhanced user experience.

Fiscal Service plans to modernize our centralized electronic invoicing service, which currently serves 151 Federal entities including 19 CFO Act agencies and 160,000 vendors. The e-Invoicing service automates Government invoicing from purchase order through payment notification, resulting in reduced paper, Governmentwide cost savings and efficiencies, faster payments, more accurate data, better cash management, and enhanced daily interactions between Government and commercial organizations. This modernization initiative supports the administration's priority to deliver excellent, equitable, and secure Federal services and enhance the customer experience. Additionally, Fiscal Service plans to complete the project aimed at processing faster payments in FY 2023. Faster Payments embraces the ability to pay or be paid instantly – with near real-time settlement. Not only will this benefit the American public by providing a more efficient payment option to customers, but it will also support the efforts to decrease the number of paper checks issued.

Fiscal Service will also continue to advance payment integrity in the Federal Government. In partnership with OMB, Fiscal Service will continue to advance its Government-wide payment integrity services and solutions through its payment integrity programs. During FY 2021, Fiscal Service received OMB approval and official designation to add 12 new data sets to the Do Not Pay (DNP) portal for analytic use. Additionally, Fiscal Service engaged with State and Federal programs to expand and adopt our payment integrity services. During the year, Fiscal Service hosted three agency partnership forums to advance the payment integrity mission, on-boarded seven new State and five new Federal programs for DNP services and initiated 23 new DNP projects with State and Federal programs.

These payment integrity services were critical in preventing improper and fraudulent payments while implementing recovery programs. During recovery program implementation, Fiscal Service used multiple approaches to maximize electronic disbursements, resulting in faster payments to Americans and increased payment integrity. This included Account Verification

Service (AVS), a new pilot program to supplement Fiscal Service cross-Government data with a third-party verification service and bank matching to convert checks to direct deposit.

Fiscal Service partnered with IRS and with FEMA's COVID-19 Funeral Assistance Program to leverage Fiscal's AVS to verify the status of a bank account and authenticate account ownership for recovery payments. In FY 2021, the AVS prevented $171.2 million in improper payments. Additionally, Fiscal Service used bank matching to convert 70.2 million EIPs and CTCs from check to direct deposit using cross-Government banking information at a 99.7% accuracy rate. This conversion of check to direct deposit avoided $33 million in check production costs.

In FY 2023, Fiscal Service will continue to manage its portfolio of payment integrity tools, services, and data sources with a focus on access to data and data sharing; data analytics; and standardized and agency-specific payment integrity solutions. These programs support agencies, law enforcement, and states in combatting fraud, waste, abuse, and improper payments. Fiscal Service will continue to provide actionable business insights and solutions that transform how Federal agencies approach identifying, preventing, stopping, and recovering improper payments and related fraudulent activity.

2.1.4 - Retail Securities Services Resources and Measures

Dollars in Thousands

Resource Level	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Annualized CR	FY 2023 Request
Appropriated Resources	$61,910	$60,491	$55,465	$56,344	$62,104	$64,244	$67,816
Reimbursable Resources	$12,642	$12,100	$13,306	$12,406	$16,418	$15,549	$14,326
Matured Unredeemed Debt	$0	$0	$0	$401	$5,237	$25,000	$0
Budget Activity Total	**$74,552**	**$72,591**	**$68,771**	**$69,151**	**$83,759**	**$104,793**	**$82,142**
Full-time Equivalents (FTE)	**472**	**434**	**388**	**393**	**403**	**392**	**392**

Performance Measure	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2021 Target	FY 2022 Target	FY 2023 Target
Percentage of Retail Customer Service Transactions That Are Unassisted (%)	N/A	N/A	69	70	63	71	72	73

Note: The FY 2017 - FY 2021 appropriated resources represent actual obligations.

Retail Securities Services Budget and Performance

($67,816,000 from direct appropriations, $14,326,000 from reimbursable sources, $0 from appropriations for Matured Unredeemed Debt):

Fiscal Service provides simple, safe, and affordable ways for investors to directly interact with the Department of the Treasury to save for their future by investing in Treasury securities. The U.S. Treasury began offering savings bonds in paper in 1935. Today, electronic savings bonds and marketable securities are sold through TreasuryDirect, an internet-based book-entry system for purchasing, holding, and conducting Treasury securities transactions. In FY 2021, Fiscal Service electronically issued $73.6 billion in Treasury retail securities (includes sales and reinvestments), processed $86.4 billion in redemptions, added 219,740 new accounts to TreasuryDirect, and made 2.2 million retail payments worth $23.1 billion.

Description of Performance:
Retail Securities continues to make progress toward improving the retail customer experience by enabling customers to purchase, manage, and redeem their Treasury security holdings through one platform, known as myTreasury, by 2024. The multi-year initiative to build myTreasury is a key modernization effort that will replace the existing TreasuryDirect system and will offer innovative products and services to improve the customer experience through a modern, efficient, and customer-centric system. In FY 2021, Fiscal Service began executing the migration plan and building functionality to move marketable securities data from TreasuryDirect to myTreasury.

In FY 2021, Retail Securities saw a decline in the percentage of unassisted retail customer service transactions, with 63% unassisted during the fiscal year, significantly lower than the 71% target. This was the result of both reduced sales of marketable Treasury securities, as well as a continued trend of customers redeeming savings bonds through mail services instead of in-person interactions with financial institutions as a result of the COVID-19 pandemic.

Retail Securities also continues to improve the customer experience and help owners find and claim savings bonds that have reached final maturity and stopped earning interest through the Matured Unredeemed Debt (MUD) initiative. Treasury's redemption process for paper savings bonds has proven effective, given that 99% of all paper savings bonds ever issued have been redeemed. Annually, Treasury redeems approximately 7.2 million matured savings bonds worth $4 billion, including nearly 1.8 million bonds that were five or more years past maturity. As of the end of FY 2021, the balance of these matured unredeemed savings bonds was $29.9 billion across 82.3 million pieces. During FY 2021, the Bureau began a multi-phase approach to digitize and index its records of paper savings bonds. The Bureau also began a data matching effort to compare MUD records against various systems (e.g., bureau systems and other government databases) to obtain updated bond owner information in order to develop strategies to better reach these customers. For example, the Bureau initiated mailings to a subset of customers within TreasuryDirect to create awareness of MUD bonds and provide guidance for redeeming them. In addition to other customer experience improvements being considered, Fiscal Service continues to work with the National Association of Unclaimed Property Administrators (NAUPA) and the National Association of State Treasurers (NAST) to find collaborative solutions to locate owners of MUD bonds.

2.1.5 - Wholesale Securities Services Resources and Measures

Dollars in Thousands

Resource Level	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Annualized CR	FY 2023 Request
Appropriated Resources	$16,796	$21,851	$23,522	$23,414	$25,031	$24,550	$25,915
Reimbursable Resources	$4,214	$4,613	$4,599	$5,062	$5,415	$4,888	$5,471
Budget Activity Total	**$21,010**	**$26,464**	**$28,121**	**$28,476**	**$30,446**	**$29,438**	**$31,386**
Full-time Equivalents (FTE)	**117**	**116**	**112**	**116**	**125**	**130**	**130**

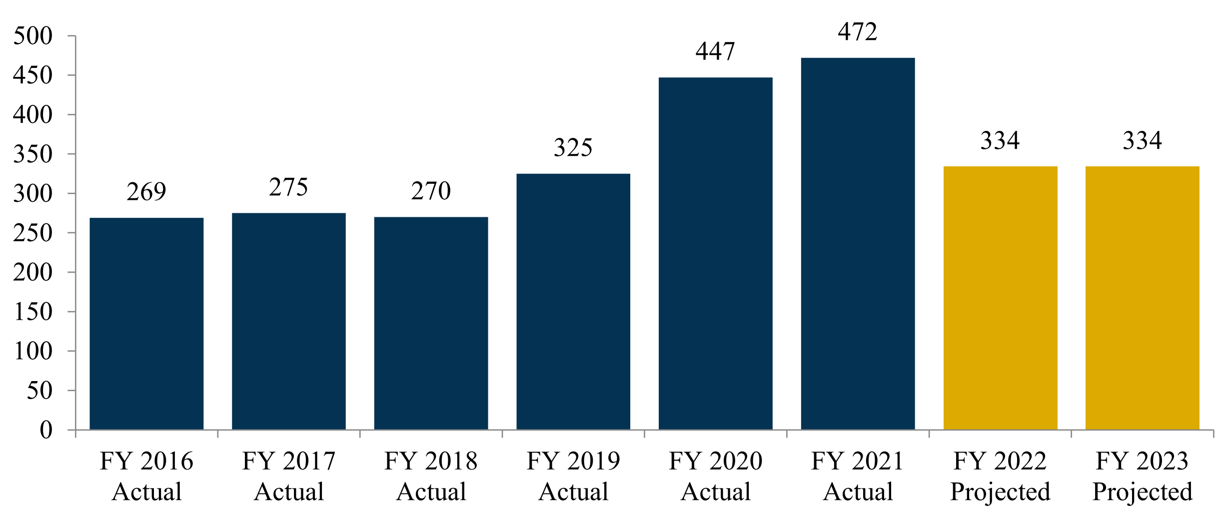
Performance Measure	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2021 Target	FY 2022 Target	FY 2023 Target
Percentage of Auction Results Released Accurately (%)	98.9	98.9	98.8	100	100	100	100	100
Percentage of Auctions Successfully Completed by the Scheduled Close Date (%)	N/A	N/A	100	100	100	100	100	100

Note: The FY 2017 - FY 2021 appropriated resources represent actual obligations.

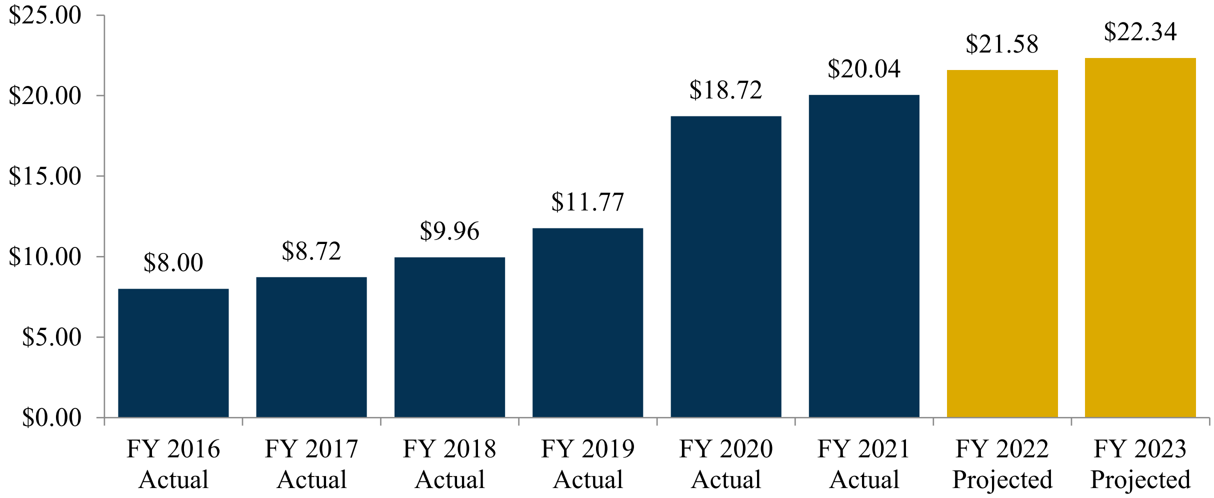
Wholesale Securities Services Budget and Performance
($25,915,000 from direct appropriations, $5,471,000 from reimbursable sources):
The Wholesale Securities Services (WSS) budget activity finances daily Government operations by offering Treasury securities through reliable, accurate, and secure electronic systems. Fiscal Service oversees the announcement, auction, and issuance of marketable Treasury bills, notes, bonds, floating rate notes, and inflation-protected securities.

In FY 2021, Treasury successfully conducted 472 auctions and awarded $20.04 trillion in Treasury securities - both records for a single year. Fiscal Service also set record highs on April 26, 2021, with $267 billion awarded on a single day and on September 8, 2021, with six auctions held in a single day. Thirteen auctions were held the week of January 25, 2021, matching the weekly record that was set in FY 2020. Debt financing activities continue to be elevated, evidenced by the 45 percent increase in the number of auctions conducted above the pre-pandemic FY 2019 level of 325 auctions.

Total Number of Auctions Conducted



Dollar Amount of Marketable Securities Awarded ($ Trillions)



Description of Performance:
In FY 2021, Fiscal Service continued to see unprecedented demand for borrowing needs that began in FY 2020 with the COVID-19 pandemic. Through this increased financing activity, Fiscal Service continued to demonstrate operational excellence by successfully completing 100 percent of auctions by the scheduled close date and by releasing 100 percent of auction results accurately.

In FY 2021, Fiscal Service also continued the Financing Modernization (FinMod) effort, a multi-year program to modernize the financing system in alignment with Treasury's strategic priorities and long-term business requirements. This modernization will include development of a new system to support operations, meet customer expectations, become current with existing technologies, manage technical debt, and improve the delivery of secure, flexible, and resilient financing services. In addition to advancing its modernization initiative, Fiscal Service increased automated testing and successfully deployed ten enhancement releases to the current Treasury Automated Auction Processing System (TAAPS) with zero defects.

2.1.6 – Debt Collection Resources and Measures

Dollars in Thousands

Resource Level	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Annualized CR	FY 2023 Request
Appropriated Resources	$0	$0	$0	$0	$0	$0	$0
Reimbursable Resources[1]	$176,928	$167,726	$204,512	$214,910	$195,256	$210,785	$199,236
Budget Activity Total	**$176,928**	**$167,726**	**$204,512**	**$214,910**	**$195,256**	**$210,785**	**$199,236**
Full-time Equivalents (FTE)	**417**	**389**	**366**	**348**	**332**	**307**	**335**

Performance Measure	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Target	FY 2022 Target	FY 2023 Target
Amount of Delinquent Debt collected Through A11 Available Tools ($ Billions)	7.61	7.44	9.65	10.68	5.04	8.81	5.26	7.61
Amount of Delinquent Debt Collected Through All Available Referred ($ Billions)	N/A	N/A	14.3	15.7	15.9	14.9	15	13.9
Percentage of the Active Delinquent Debt Portfolio Collected (%)	N/A	N/A	6.8	9.2	7.3	7	6.7	6.5

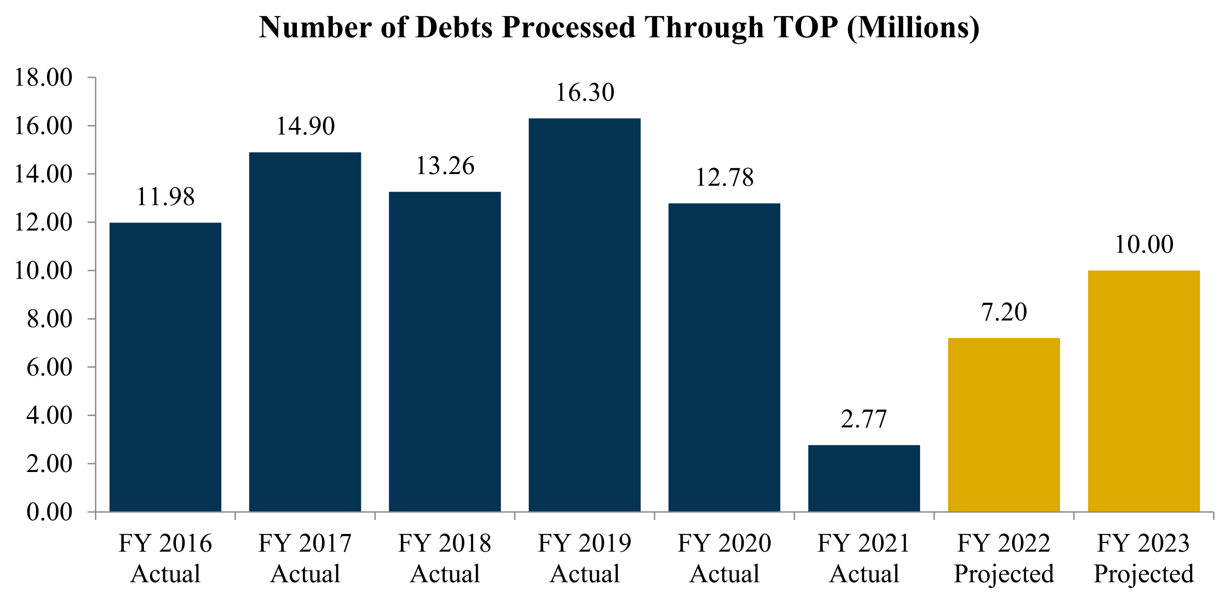
Note: The FY 2017 - FY 2021 appropriated resources represent actual obligations.

[1]FY 2023 does not include $22 million as part of our Federal Payment Levy Program legislative proposal.

Debt Collection Budget and Performance

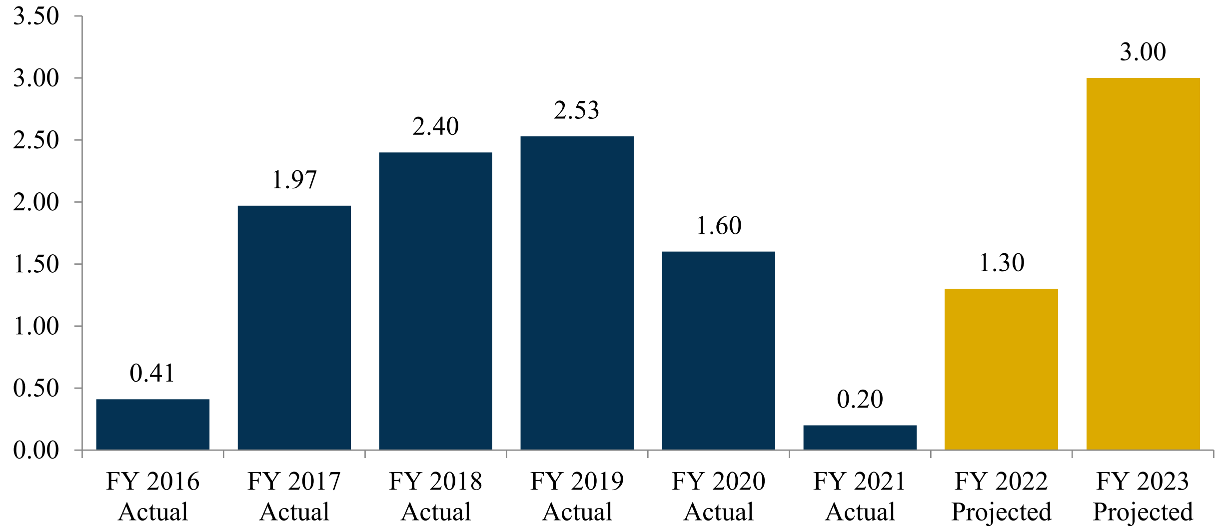
($199,236,000 from Debt Collection sources):

Fiscal Service is the Government's central debt collection agency and funds its delinquent debt collection operations through fees charged to agencies that refer debts for collection. Fiscal Service collects delinquent debt through two programs: the Treasury Offset Program (TOP) and Cross-Servicing. TOP collects delinquent Federal and state tax and nontax debts by matching the names and taxpayer identifying numbers of debtors included in its database against the names and taxpayer identifying number of recipients of Federal and state payments. If there are matches, the amounts of the payments are reduced ("offset") to satisfy either all or a portion of the delinquent debts. In FY 2021, Fiscal Service processed 2.77 million new debt referrals through TOP.



Through Cross-Servicing, delinquent nontax debts referred to Fiscal Service by Federal agencies (e.g., loans and administrative debts such as overpayments, fines, fees, etc.) are collected in several ways, including offsetting Federal payments, sending demand letters to debtors, entering into payment agreements, withholding non-Federal wages administratively, referring debts to the Department of Justice for litigation, reporting credit to bureaus, and referring to private collection agencies. In FY 2021, Fiscal Service processed 0.20 million new debt referrals through Cross-Servicing.

Number of Debts Processed Through Cross Servicing (Millions)



<u>*Description of Performance:*</u>
During FY 2021, the COVID-19 pandemic continued to impact delinquent debt collection. Total delinquent debt collections fell below the original annual target due to several Federal agencies extending their delinquent debt collection suspensions in response to economic concerns related to the pandemic. Fiscal Service ended the year collecting $5.04 billion in delinquent debt from all tools, falling short of the target of $8.81 billion. Of the $5.04 billion collected in delinquent debt, $4.8 billion was collected through TOP, and $269.3 million was collected through Cross-Servicing. TOP's FY 2021 collections included delinquent debts owed to states, such as $2.71 billion of delinquent child support and $294.8 million of state Unemployment Insurance payments.

Fiscal Service anticipates ongoing concerns about the COVID-19 pandemic and associated economic recovery will continue to negatively affect collections in FY 2022 and potentially 2023. In FY 2020, the collections success was driven by offsets of the first round of EIP to collect delinquent child support. The second and third rounds of EIP were exempt from all offsets resulting in a significant decline in collections revenue. Fiscal Service reduced expenditures to address these challenges and continues to identify opportunities to gain efficiencies. Even with these measures, the anticipated collections reduction in FY 2022 creates funding challenges in 2023 and beyond. Fiscal Service will conduct an independent assessment to evaluate the debt collection program's current cost structure and fee methodology, identify potential cost saving opportunities to counter losses, and explore potential funding alternatives to provide a more sustainable model capable of evolving with future Government needs.

C – Changes in Performance Measures
There are no changes to performance measures since the FY 2022 Congressional Justification.

With the publication of Treasury's Strategic Plan for FY 2022-2026, Fiscal Service will work this year to baseline performance against the new strategic objectives.

Section III – Additional Information

Summary of Capital Investments
Fiscal Service leads the way for responsible, effective Government through our commitment to technology enablement, customer-focused service, efficient operations, strategic partnering, and agility to securely enable the missions of the Federal Government. Fiscal Service strategically governs and manages its information technology (IT) portfolio lifecycle, and continually harnesses IT resources, investment health, and portfolio performance insights for capital planning decisions to deliver secure, flexible, extensible, and resilient technology services and solutions that maximize business value.

A summary of capital investments, including major information technology and non-technology investments, can be accessed at:
https://www.treasury.gov/about/budget-performance/Pages/summary-of-capital-investments.aspx.

Effective Investment Governance
Fiscal Service Governance focuses on overall progress in achieving the outcomes described in the Bureau's Strategic Plan and the Future of Federal Financial Management vision. The governance and portfolio management functions ensure that the IT Portfolio maintains cost effectiveness and continuously delivers intended results throughout the lifecycle of its investments. This includes a monthly performance assessment on investment's cost, schedule, risk and performance trends. A ChatStat process – where projects are formally reviewed based on negative trends or concerns, senior leadership is given visibility into the project's issues, and Get-to-Green plans are established and tracked to completion – is now fully operationalized in Governance as well. The Bureau is also beginning to evaluate programs and projects for ongoing results management. The value insights being gained inform governance decisions around investment planning, selection, resourcing, and prioritization to best support the mission and long-term plans for Fiscal Service and Treasury.

Effective Project Execution
Fiscal Service has a disciplined and consistent approach to project management (PM) rooted in industry standard best practices and supported by a Bureau-wide Program Management Improvement Accountability Act (PMIAA) framework, Solutions Lifecycle Policy, and Project Performance and Accountability Standards. The PMIAA framework is in pilot, and policy/standard gap assessments are underway. In addition, the Bureau has a project management

community of practice that provides practitioners with a collaborative forum and communications, unique learning opportunities, creative problem-solving support, and leadership led discussions on practical lessons learned. Each large-scale IT initiative has a dedicated program manager and integrated program team. The systems that support each investment are enhanced using iterative development techniques, with most of the Bureau's software development projects using an iterative development methodology. Project-based reporting is used to align projects from governance through execution and thus improve the Bureau's ability to monitor performance and shape IT strategy.

Enterprise Architecture Services

Enterprise Architecture (EA) services ensure that Fiscal Service applies a common framework, using consistency and standardization practices, to describe and analyze investments which enables the Bureau to proactively plan for changes, according to business vision and technology trends. Fiscal Service's EA program is designed to facilitate cross-agency analysis of capabilities, knowledge, processes, and relationships to apply evidence-based techniques, identify duplicative investments, discover goals and opportunities for collaboration with other agencies, and establish a line-of-sight from the highest-level strategic goals to the infrastructure that enables the achievement of those goals. The value provided by the Bureau's EA services is demonstrated through the development of a Fiscal Service technology roadmap, which is leveraged in tandem with IT Portfolio rationalization and investment and cost optimization efforts to continuously transform methods of IT service and product delivery. Service Brokers ensure this transformation is designed and implemented in a standardized manner while also aligned with customer expectations by engaging with stakeholders ahead of their modernization needs.

Enterprise Risk Management (ERM)

The nature of Fiscal Service's work requires effective enterprise risk management and high levels of performance to ensure the Bureau maintains operational excellence while seeking innovative solutions to improve efficiencies and transform financial management and the delivery of shared services in the Federal Government. To this end, Fiscal Service has established an Office of Enterprise Risk Management (OERM) to promote a common understanding and approach to risk management and strengthen organizational capabilities to recognize, assess, and address risks that could disrupt the successful achievement of strategic goals and objectives. Fiscal Service has also established a Bureau Risk Committee to provide executive-level accountability for identifying, managing, and monitoring enterprise risk for the Bureau, making timely and collaborative risk decisions, providing transparency around enterprise risks, and enabling a risk-aware culture. In collaboration with the Executive Board/Risk Committee, OERM has developed the Fiscal Service Risk Appetite Statement to guide the Bureau's strategic analysis of risk. Moreover, through the development and issuance of an ERM framework, policies, guidance, and tools, the Bureau incorporates risk management practices in decision-making processes such as strategic and tactical planning, workforce planning, capital investment planning, objective prioritization, and budget formulation. Fiscal Service continues to communicate the importance of effective risk management to all employees.

Cybersecurity

Fiscal Service has a multi-faceted mission that promotes financial integrity and operational efficiency across the Federal Government. As such, protecting the information and technology resources that support the Bureau's mission with more modern solutions that will support security, resiliency, and agility are critically important. Fiscal Service is responsible for 63 Federal Information Security Modernization Act of 2014 (FISMA) systems with billions of Personally Identifiable Information (PII) records, including multiple High Value Assets (HVAs) that support the Financial Services Sector of the Critical Infrastructure (CI) of the Federal Government. Fiscal Service invests in strengthening the cyber defenses of HVAs and other systems against the increasing volume, sophistication, frequency, impact and brazenness of global cybersecurity threats. These investments are critical to maintain confidence in the financial ecosystem of the United States and avoid the immeasurable reputational damage Treasury would suffer in the event of a significant data breach or cybersecurity incident. Financial integrity and operational efficiency are accomplished by effective, coordinated management of security risks and incidents that ensure the confidentiality, integrity, and availability of the Bureau's systems are maintained. Fiscal Service employs a defense-in-depth strategy and approach to identify, protect against, detect, and respond to anomalies in the Bureau's network and systems. In addition, Enterprise Cybersecurity ensures Fiscal Service information technology resources are compliant with the National Institute of Standards and Technology security standards and satisfies annual security audit requirements. In 2022 and beyond, Fiscal Service is accelerating efforts that will enhance cybersecurity and support cyber resiliency, including implementing the provisions of Executive Order 14028, *Improving the Nation's Cybersecurity*, and addressing the zero trust security requirements in OMB Memorandum M-22-09.

Department of the Treasury
Office of Financial Stability

Congressional Budget Justification and Annual Performance Plan and Report

FY 2023

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Section I – Budget Request

A – Mission Statement

A central part of the response to the 2008 financial crisis was the implementation of the Troubled Asset Relief Program (TARP), which was established in the fall of 2008 under the Emergency Economic Stabilization Act of 2008 (EESA) (P.L. 110-343) within the Office of Domestic Finance at the U.S. Department of the Treasury (Treasury). TARP was created to restore the liquidity and stability of the financial system, and it is administered by the Office of Financial Stability (OFS).

Since late 2010, OFS has made significant progress in winding down TARP investment programs and in recovering OFS's outstanding investments. OFS continues to operate a housing program under TARP to help struggling families avoid foreclosure, but in fiscal year (FY) 2016 began to wind-down the largest TARP housing program. As of November 30, 2021, OFS has recovered more than 96 percent of the $443.1 billion in total program funds disbursed under TARP, as well as an additional $17.6 billion from Treasury's equity in American International Group, Inc. (AIG).

1.1 - Program Account Summary

Dollars in Thousands

	FY 2021 Actual	FY 2022 Estimated	FY 2023 Estimated	FY 2022 to FY 2023 $ Change	FY 2022 to FY 2023 % Change
	AMOUNT	AMOUNT	AMOUNT	AMOUNT	AMOUNT
Obligations					
Equity Program Account	4,752	12,334	0	(12,334)	-100.0%
Housing Account	0	0	0	0	NA
TARP Direct Program Account	0	0	0	0	NA
TARP Administrative Account	40,789	37,637	34,333	(3,304)	-8.8%
TARP Negative Downward Reestimate Receipt Account	(3,946)	(4,000)	0	4,000	-100.0%
Total Obligations	**$41,595**	**$45,971**	**$34,333**	**($11,638)**	**-25.3%**
Budget Authority					
Equity Program Account	4,752	12,334	0	(12,334)	-100.0%
Housing Account	0	0	0	0	NA
TARP Direct Program Account	0	0	0	0	NA
TARP Administrative Account	40,789	37,637	34,333	(3,304)	-8.8%
TARP Negative Downward Reestimate Receipt Account	(3,946)	(4,000)	0	4,000	-100.0%
Total Budget Authority	**$41,595**	**$45,971**	**$34,333**	**($11,638)**	**-25.3%**
Outlays					
Equity Program Account	4,752	12,334	0	(12,334)	-100.0%
Housing Account	479,323	508,000	456,000	(52,000)	-10.2%
TARP Direct Program Account	47	0	0	0	NA
TARP Administrative Account	30,598	33,000	30,000	7,000	21.2%
TARP Negative Downward Reestimate Receipt Account	(3,946)	(4,000)	0	4,000	-100.0%
Total Outlays	**$510,774**	**$549,334**	**$496,000**	**($53,334)**	**-9.7%**
Total Full-time Equivalents (FTE)	10	10	8	-2	-20.0%

1.2 – Financing Account Summary (1.2 Credit)

Dollars in Thousands

	FY 2021 Actual	FY 2022 Estimated	FY 2023 Estimated	FY 2022 to FY 2023 $ Change	FY 2022 to FY 2023 % Change
	AMOUNT	AMOUNT	AMOUNT	AMOUNT	AMOUNT
TARP Direct Loans					
Obligations	0	2,822	0	(2,822)	-100.0%
Collections	2,822	0	0	0	NA
Financing Authority (net)	0	0	0	0	NA
Financing Disbursements (net)	(2,822)	0	0	0	NA
Equity Purchases					
Obligations	3,500	439	118	(322)	-73.2%
Collections	6,138	12,896	1,069	(11,827)	-91.7%
Financing Authority (net)	(1,955)	0	0	0	NA
Financing Disbursements (net)	(2,637)	(12,457)	(951)	11,506	-92.4%
Housing					
Obligations	1,104	644	0	(644)	-99.9%
Collections	482	6	0	(6)	-100.0%
Financing Authority (net)	0	0	0	0	NA
Financing Disbursements (net)	622	820	42	(778)	-94.9%

1.3 – Program Disbursement, Repayments, and Cost/Savings

Dollars in Billions

	Cumulative Obligated (as of 11/30/2021)	Cumulative Disbursed (as of 11/30/2021)	Cumulative Outstanding (as of 11/30/2021)	Total Cumulative Income (as of 11/30/2021)	Total Cash Back (as of 11/30/2021)	Total Estimated Life Costs (as of 11/30/2021)
Bank Support Programs	250.5	245.1	0.0	35.7	275.6	(24.2)
Credit Market Programs	19.1	19.1	0.0	4.5	23.6	(3.3)
AIG Investment Program (AIG)	67.8	67.8	0.0	1.0	55.3	15.2
Automotive Industry Financing Program	79.7	79.7	0.0	7.5	70.6	12.1
Treasury Housing Programs	32.6	31.4	0.0	0.0	0.0	32.4
Total	**$449.6**	**$443.1**	**$0.0**	**$48.7**	**$425.1**	**$32.1**
Additional AIG Common Shares Held by Treasury	$0.0	$0.0	$0.0	$17.6	$17.6	($17.6)
Total for Programs and Shares	**$449.6**	**$443.1**	**$0.0**	**$66.3**	**$442.7**	**$14.6**

*If all Treasury AIG Investments are combined, we currently estimate a net gain of nearly $2.4 billion on those shares.

B – Vision, Priorities and Context

TARP was created by EESA in October 2008 as part of a broad-based federal response to the financial crisis. The purposes of EESA were —

(1) to immediately provide authority and facilities that the Secretary of the Treasury could use to restore liquidity and stability to the financial system of the United States; and

(2) to ensure that such authority and facilities were provided in a manner that would —

(A) protect home values, college funds, retirement accounts, and life savings;

(B) preserve homeownership and promote jobs and economic growth;

(C) maximize overall returns to the taxpayers of the United States; and

(D) provide public accountability for the exercise of such authority.

EESA vested authority in the Secretary of the Treasury to “purchase, and to make and fund commitments to purchase, troubled assets from any financial institution, on such terms and conditions as are determined by the Secretary.” This program supports Treasury’s goal of financial stewardship.

As a result of improved financial conditions and careful stewardship of the program, the ultimate cost to taxpayers of TARP investments is estimated to be significantly lower than initially expected. In FY 2009, the program was projected to cost $341 billion, but as of November 30, 2021, it is estimated to cost only $32.1 billion (of which $-0.3 billion relates to investments and $32.4 billion relates to housing programs that do not require repayments by recipients). Lifetime costs are projected to be $14.6 billion with the inclusion of receipts from Treasury’s sale of additional AIG common stock.

During FY 2022 and FY 2023, OFS’s priority is to continue the responsible wind-down of all TARP programs. OFS is expected to complete its wind-down in FY 2024.

OFS Administrative Expenses

The authority for OFS’s administrative funding is provided in section 118 of EESA. In FY 2022, OFS plans to obligate just over $37 million and use no more than 10 Full-Time Equivalent (FTE) employees. In FY 2023, OFS plans to obligate just over $34 million and use no more than 8 FTE employees, a reduction of over 8% and 20%, respectively, from the current FY 2022 estimates, to fund the management, maintenance and continued wind-down of the TARP housing programs and the disposition of OFS’s remaining investments.

C – Credit Reform Account Description

Section 123 of EESA requires the cost of TARP programs to be calculated using the methods required by the Federal Credit Reform Act of 1990 (“credit reform”). In addition to the OFS Administrative Account, the organization manages six accounts to comply with the credit reform accounting requirements: (1) the TARP Equity Purchase Program Account; (2) the TARP Equity Purchase Financing Account (EPFA); (3) the TARP Housing Programs Account; (4) the TARP Housing Programs, Letter of Credit (LOC) Financing Account; (5) the TARP Program Account; and (6) the TARP Direct Loan Financing Account (DLFA).

Account Descriptions

<u>TARP Equity Purchase Program Account</u>: The TARP Equity Purchase Program Account records the subsidy costs (cost to the government) associated with federal equity injections into qualifying financial institutions. Subsidy costs are calculated on a net present value basis.

<u>TARP Equity Purchase Financing Account</u>: The TARP Equity Purchase Financing Account is a non-budgetary account that records all financial transactions to and from the government resulting from equity purchases. The EPFA primarily tracks each cohort year’s purchase activity (dividend payments, the exercise of warrants, Treasury borrowings, interest paid to or received from Treasury, etc.) and is not included in the budget totals when calculating total government spending.

TARP Housing Programs Account: The TARP Housing Programs Account records the subsidy costs and cash outlays associated with Treasury's housing programs under TARP. The Making Home Affordable (MHA) and Hardest Hit Fund (HHF) housing programs are recorded on a cash basis, and the Federal Housing Administration (FHA) Short-Refinance Program is subject to credit reform accounting requirements, whereby its subsidy cost is calculated on a net present value basis.

TARP Housing Programs, LOC Financing Account: The TARP Housing Programs, LOC Financing Account is a non-budgetary account that records all financial transactions to and from the government resulting from OFS's FHA Short-Refinance Program. Like other financing accounts, its primary purpose is the financial tracking of each cohort year's loan activity. It is not included in the budget totals.

TARP Program Account: The TARP Program Account records the subsidy costs associated with direct loans obligated to qualifying institutions. Subsidy costs are calculated on a net present value basis.

TARP Direct Loan Financing Account: The TARP Direct Loan Financing Account is a non-budgetary account that records all financial transactions to and from the government resulting from direct loans. Like EPFA, its primary purpose is the financial tracking of each cohort year's loan activity. It is not included in the budget totals.

OFS Administrative Account: This account provides for the administrative costs of OFS.

1.4 – Budget Adjustments Table

Dollars in Thousands

	FTE	Amount
FY 2022 Estimate	**10**	**$37,637**
Changes to Base:		
Maintaining Current Levels (MCLs):		794
Pay Annualization (2.7% average pay raise)		13
Pay Raise (4.6% average pay raise)		67
Non-Pay		714
Subtotal Changes to Base	0	$794
FY 2023 Current Services	**10**	**$38,431**
Program Changes:		
Program Decreases:	(2)	(4,098)
Housing Program Support	0	(3,650)
OFS Salaries and Benefits	(2)	(393)
Organizational Support	0	(55)
FY 2023 Estimate	**8**	**$34,333**

D – Budget Increases and Decreases Description

Maintaining Current Levels (MCLs) .... +$794,000 / +0 FTE

Pay Annualization (2.7%) +$13,000 / +0 FTE

Funds are required for annualization of the January 2022 pay raise.

Pay-Raise (4.6% in FY 2023) +$67,000 / +0 FTE
Funds are required for a 4.6% average pay raise in January 2023.

Non-Pay +$714,000 / +0 FTE
Funds are required for non-labor costs such as travel, contracts, rent, supplies, and equipment.

Program Decreases .... -$4,098,000 / -2 FTE
Housing Program Support -$3,650,000 / -0 FTE
Administrative and compliance functions will continue to wind-down during FY 2022 and over time as programs close and no new assistance actions are provided and commitments are paid.
OFS Salaries and Benefits -$393,000 / -2 FTE
Savings resulted from natural attrition and expiration of term appointments due to the wind-down of various TARP programs.

Organizational Support -$55,000/ -0 FTE
Administrative costs associated with managing OFS's portfolio will decline over time as TARP winds down. However, many duties and responsibilities will remain and are not directly correlated to the volume of assets held by OFS. Many of these organizational support functions will be run in-house and relate to legislative and oversight-mandated reporting functions, as well as the management and maintenance of TARP's housing programs.

1.5 – Object Classification (Schedule O) Obligations

Dollars in Thousands

Object Classification	FY 2021 Actual Obligations	FY 2022 Estimated Obligations	FY 2023 Estimated Obligations
11.1 - Full-time permanent	2,187	1,489	1,896
11.5 - Other personnel compensation	46	42	40
11.9 - Personnel Compensation (Total)	**2,233**	**1,531**	**1,936**
12.0 - Personnel benefits	406	384	380
Total Personnel and Compensation Benefits	**$2,639**	**$1,915**	**$2,316**
21.0 - Travel and transportation of persons	17	15	5
23.0 - Rent, Communications and Utilities	1	1	1
25.1 - Advisory and assistance services	3,418	2,510	2,500
25.2 - Other services	28,634	27,650	24,000
25.3 - Other purchases of goods & serv from Govt accounts	6,070	5,535	5,500
26.0 - Supplies and materials	3	3	3
31.0 - Equipment	8	8	8
Total Non-Personnel	**$38,150**	**$35,722**	**$32,017**
Total Budgetary Resources	**$40,789**	**$37,637**	**$34,333**
Full-time Equivalents (FTE)	**10**	**10**	**8**

*Amounts include all budgetary resources

E – Appropriations Language and Explanation of Changes

OFS does not receive discretionary appropriations from Congress. Therefore, no appropriations language is proposed.

Section II – Annual Performance Plan and Report

A – Strategic Alignment
OFS's continued wind-down efforts align with Treasury's strategic goal of promoting equitable economic growth and recovery.

Bank Support Programs
CPP: OFS created CPP, its largest program, in October 2008. OFS provided a total of $204.9 billion in capital to 707 institutions in 48 states. During FY 2021, OFS continued to wind-down remaining CPP investments. As of November 30, 2021, CPP has generated $226.4 billion in recoveries for taxpayers with one institution remaining in the program, for a total of $12 million in investments outstanding.

CDCI: OFS created CDCI on February 3, 2010, to provide investments of capital to certified Community Development Financial Institutions (CDFI) banks, thrifts, and credit unions. OFS invested $570 million in 84 CDFIs, of which 28 institutions converted $363 million (including warrants) from CPP to CDCI. As of November 30, 2021, CDCI has generated $592 million in recoveries for taxpayers with two institutions remaining in the program, for a total of $1 million in investments outstanding.

Housing Programs
OFS established several TARP housing programs, assisting millions of homeowners and introducing reforms for the mortgage servicing industry to facilitate mortgage modifications.

MHA: In 2009, OFS launched MHA to help homeowners prevent avoidable foreclosures and strengthen the housing market. The cornerstone of MHA is the Home Affordable Modification Program (HAMP), which provides eligible homeowners the opportunity to reduce their monthly mortgage payments. In accordance with provisions of the Consolidated Appropriations Act, 2016 (the Act), MHA terminated on December 31, 2016, except with respect to certain applications made before such date. MHA servicers were required to design policies and procedures to reasonably ensure that all MHA transactions were completed by December 1, 2017. As of November 30, 2021, OFS had disbursed $21.9 billion out of a possible $22.9 billion under MHA.

HHF: Established in 2010 to provide aid to homeowners in states hit hardest by the economic and housing market downturn. The $7.6 billion initiative encompassed 18 states and the District of Columbia (DC). In December 2015, the Act granted Treasury authority to make an additional $2.0 billion in commitments through the HHF. As of November 30, 2021, OFS had disbursed $9.5 billion out of a possible $9.6 billion under HHF.

FHA Short-Refinance Program: OFS continues to support the FHA Short-Refinance Program, which was intended to assist borrowers with negative equity. The program has seen limited participation. As such, OFS has incrementally reduced the LOC Facility supporting this program from an initial $8.0 billion to $27 million in FY 2017, which matches OFS's maximum liability for loans covered by the program as of December 31, 2016, when the program ended for new refinances. As of November 30, 2021, the revised lifetime cost estimate for the program was $13 million for outstanding refinanced loans.

Other Programs

Automotive Industry Financing Program (AIFP): OFS fully wound down AIFP during FY 2015, selling its remaining stake in Ally Financial. OFS disbursed $79.7 billion in loans and equity investments to the automotive industry through the AIFP. As of November 30, 2021, OFS had collected $70.6 billion through sales, repayments, dividends, interest, recoveries, and other income. Recoveries from the bankruptcy liquidation of Old Chrysler and Old GM remain possible.

All other TARP programs closed prior to FY 2016, including the Targeted Investment Program, Asset Guarantee Program, Public-Private Investment Program, Term Asset-Backed Securities Loan Facility, Small Business Administration 7(a) Securities Purchase Program, and AIG Investment Program.

B – Budget and Performance by Budget Activity

Performance Measure	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2021 Target	FY 2022 Target	FY 2023 Target
Clean Audit Opinion on TARP Financial Statements (ensure transparency of operations to the public)	1	1	1	1	1	1	1	1
Percentage of Congressional Constituent Correspondence Responses Completed within 10 Business Days of Receipt	87.5	100	93.75	100	100	100	100	100
Percentage of FOIA Assignments On-Time or Less Than 30-Days Overdue (ensure transparency within the government)	85	85	97.5	100	100	100	80	80
Percentage of SIGTARP and GAO Oversight Recommendations Responded to On-Time (ensure transparency of operations to the public)	100	100	99.5	100	100	100	100	100
Percentage of Statutorily Mandated Reports Submitted On-Time (ensure transparency of operations to the public)	96.25	100	100	100	100	100	100	100

Key: I – Indicator

The authority for OFS's administrative funding is provided in section 118 of EESA. The administrative budget consists primarily of contracting and financial agent support costs associated with OFS's ongoing implementation and management of the TARP housing programs and the management and disposition of OFS's remaining investments. In addition, continuing organizational support, including information technology, facilities, legal, compliance, accounting, and human resources, will be needed to manage and wind-down these ongoing initiatives. OFS's senior management is responsible for performance on its operational goals.

C – Operational Goals

OFS's strategic goal is promoting equitable economic growth and recovery and the request will support the underlying operational goals to help OFS achieve this strategic goal. These operational goals include:

Completing the wind-down of remaining TARP investment programs;

1. Continuing to help struggling homeowners avoid foreclosure;
2. Minimizing the cost of the TARP programs to the taxpayer; and
3. Operating with the highest standards of transparency, accountability, and integrity.

<u>Completing the wind-down of remaining TARP investment programs</u>

The first Operational Goal is to complete the wind-down of the remaining TARP investment programs, the CPP and CDCI. OFS continues to exit CPP and CDCI by either: (i) allowing banks that are able to repurchase in full in the near future to do so; or (ii) restructuring and selling OFS's investments in limited cases. OFS continues to work with the remaining CPP institution to exit TARP. As of November 30, 2021, OFS had $12 million in outstanding CPP investments and $1 million in outstanding CDCI investments.

<u>Continuing to help struggling homeowners avoid foreclosure</u>

OFS's second Operational Goal is to continue helping struggling homeowners avoid foreclosure. The Act, signed into law on December 18, 2015, provided that the MHA program would terminate on December 31, 2016, except with respect to certain loan modification applications made before such date. As set forth in program guidelines, MHA servicers were required to evaluate applications submitted before the deadline and offer trial modifications to eligible applicants. All MHA transactions, including first and second lien permanent modifications, short sales or deeds-in-lieu of foreclosure, and unemployment forbearance plans, were required to be completed per program guidelines by December 1, 2017. Under this program, as of November 30, 2021, more than 1.7 million homeowners have secured permanent mortgage modifications. In addition, the HHF Program provides funding to 18 states and DC to assist struggling homeowners. As of November 30, 2021, HHF has disbursed approximately $9.5 billion in total program and administrative funds, and HFAs have drawn approximately $9.5 billion to prevent avoidable foreclosures and help stabilize neighborhoods. Based on information provided by the HFAs, all states are projected to be fully closed by the end of March 2022, including having completed final compliance reviews and returning any unused funds to Treasury.

<u>Minimizing the cost of the TARP programs to the taxpayer</u>

The third Operational Goal of OFS is to minimize the cost of the TARP programs to the taxpayer. OFS pursues this goal by carefully managing the timely exit of these investments to reduce taxpayers' exposure, returning TARP funds to reduce the federal debt, and continuing to replace government assistance with private capital in the financial system. OFS also takes steps to confirm that TARP recipients comply with any TARP-related statutory or contractual obligations such as executive compensation requirements and restrictions on dividend payments.

Operating with the highest standards of transparency, accountability, and integrity
OFS's final Operational Goal is to continue to operate with the highest standards of transparency, accountability, and integrity. OFS posts a variety of reports online that provide taxpayers with regular and comprehensive information about how TARP funds are spent, who received them and on what terms, and how much has been recovered to date. OFS also publishes the annual audited Agency Financial Report and continues to maintain productive working relationships with the three oversight bodies charged with auditing and reviewing TARP activities.

Section III – Additional Information

A – Summary of Capital Investments

OFS uses Departmental Offices (DO) systems and is part of DO's capital investment strategy.

A summary of capital investments, including major information technology and non-technology investments, can be accessed at: https://home.treasury.gov/about/budget-financial-reporting-planning-and-performance/budget-requestannual-performance-plan-and-reports.

Department of the Treasury
Office of Financial Research

Congressional Budget Justification and Annual Performance Plan and Report

FY 2023

Table of Contents

Section I - Budget Request

A – Mission and Vision Statement

Mission: Promote financial stability by delivering high-quality financial data, standards, and analysis principally to support the Financial Stability Oversight Council (FSOC) and its member agencies.

Vision: A transparent, efficient, and stable financial system.

B – Summary of the Request

The Office of Financial Research (OFR or Office) is estimating a fiscal year (FY) 2023 funding level of $88.112 million, which is $9.618 million higher than its FY 2022 estimated funding level. The FY 2023 Budget includes increases in funding for the Data Center, Technology Center, Research and Analysis Center (RAC), and Operations and Support Services. The increased funding reflects the resources required to effectively execute emerging research, monitoring, and data priorities in support of the OFR's legislative mandate under the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (P.L. 111-203). It also provides for the corresponding technology and operations infrastructure needed to execute that mission work.

1.1 – Resource Detail Table

Dollars in Thousands

Budgetary Resources	FY 2021 Actual		FY 2022 Estimate		FY 2023 Estimate		FY 2022 to FY 2023 % Change	
	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT
Revenue/Offsetting Collections								
Assessments	0	$60,339	0	$81,719	0	$83,083	NA	1.7%
Interest	0	$32	0	$44	0	$88	NA	100.0%
Recoveries	0	$1,390	0	$3,520	0	$3,520	NA	0.0%
Restoration of Sequestration Rescission	0	$3,849	0	$3,441	0	$4,660	NA	35.4%
Unobligated Balances from Prior Years	0	$54,725	0	$46,360	0	$51,929	NA	12.0%
Total Revenue/Offsetting Collections	**0**	**$120,335**	**0**	**$135,083**	**0**	**$143,280**	**NA**	**6.1%**
Expenses/Obligations								
Data Center	10	$3,033	13	$4,045	15	$5,630	15.4%	39.2%
Technology Center	50	$40,743	62	$38,320	67	$40,909	8.1%	6.8%
Research and Analysis Center	21	$8,692	34	$15,184	43	$20,413	26.5%	34.4%
Operations and Support Services	30	$18,066	34	$20,945	38	$21,160	11.8%	1.0%
Total Expenses/Obligations	**111**	**$70,534**	**143**	**$78,494**	**163**	**$88,112**	14.0%	12.3%
Sequestration Reduction		($3,441)		($4,660)		($4,741)		
Net Results	**111**	**$46,360**	**143**	**$51,929**	**163**	**$50,427**	**14.0%**	**-2.9%**

1) The OFR is financed through assessments on certain bank holding companies and nonbank financial companies. See Treasury's final rule.
2) The funding for the first six months of operating expenses and 12 months of capital expenses are reflected in Unobligated Balances from Prior Years. This is because the first assessment covering the fiscal year beginning October 1 is collected on September 15 of the prior fiscal year.

1.2 – Budget Adjustments Table

Dollars in Thousands

	FTE	Amount
FY 2022 Estimate	**143**	**$78,494**
Changes to Base:		
Maintaining Current Levels (MCLs):	0	$2,124
Pay Annualization	0	$323
Pay Raise	0	$970
Non-Pay	0	$831
Non-Recurring Costs for Facilties Upgrades	0	($1,360)
Subtotal Changes to Base	0	$764
FY 2023 Current Services	**143**	**$79,258**
Program Changes:		
Program Increases:	20	$8,854
Research and Analysis Center	9	$4,793
Technology Center	5	$1,582
Data Center	2	$1,453
Operations and Support Services	4	$1,026
FY 2023 Estimate	**163**	**$88,112**

C – Budget Increases and Decreases Description

Maintaining Current Levels (MCLs) ....+$2,124,000 / +0 FTE

Pay Annualization +$323,000 / +0 FTE

Funds are requested for annualization of the January 2022 2.7% average pay raise.

Pay Raise +$970,000 / +0 FTE

Funds are requested for anticipated increases to labor costs to include merit pay increases for qualifying staff.

Non-Pay +$831,000 / +0 FTE

Funds are requested for non-labor expenses such as travel, contracts, rent, supplies, and equipment.

Non-Recurring Costs……...-$1,360,000 / -0 FTE

Non-Recurring Costs -$1,360,000 / -0 FTE

This efficiency adjustment stems from the execution of non-recurring facilities improvements in FY 2022, associated with reentry planning and lease renewal activities.

Program Increases…….. +$8,854,000 / +20 FTE

Research and Analysis Center $4,793,000 / +9 FTE

This program increase is driven by new work requirements in support of the FSOC and the Administration's emerging priorities: short-term funding markets, asset management/hedge fund monitoring, environmental risks, digital assets/cryptocurrencies, and cybersecurity. It responds to growing demands for research on financial stability, especially risks and vulnerabilities in areas not previously requested from our external stakeholders. This includes research related to uncleared bilateral repurchase agreement (repo) data and revitalizing a research grants program to drive high-impact research and analysis in research areas outside of traditional finance and economics disciplines.

Technology Center $1,582,000 / +5 FTE
This program increase is driven by new work requirements in support of a secure cloud environment, plus data and dataset management. It responds to:

- Emerging cybersecurity needs, ensuring an ability to meet evolving demands for secure, cloud-based infrastructure.
- Increasing demands for data sharing and data product functionality and support from internal and external stakeholders. This includes the development and maintenance of a climate-related data and analytics hub serving multiple stakeholder groups.
- Pursuit of research related to uncleared bilateral repo data and potentially subsequent data product work. This scales support for potentially collecting, maintaining, and using the new data and related products.

Data Center $1,453,000 / +2 FTE
This program increase is driven by new work requirements in support of the OFR's data products, including financial monitors, and responds to:

- Expanding requirements associated with the statutorily-mandated Financial Instrument Reference Database (FIRD). The FIRD was initially mandated within the Dodd Frank Act. Increased funding herein supports the analysis and integration of new reference data into the FIRD, based on emerging X9D[1] Industry Forum recommendations that will inform the future shape of the FIRD.
- Higher than anticipated workloads for monitor production, review, and publication due to rapidly changing market conditions, limited data availability, and varying levels of data quality. This supports the development of a framework that defines a path from conception to production for machine learning products, performing exploratory data analysis for the development of new data visualizations, and increasing the interpretability of complex financial data.
- Increasing demands for data sharing and data product functionality and support from internal and external stakeholders. This includes the development and operation of a climate-related data and analytics hub serving multiple stakeholder groups. An updated Climate Data Hub would serve additional FSOC stakeholders beyond the Federal Reserve Board and Federal Reserve Bank of New York in FY 2023.
- Growing standards work initiatives raised by OFR's global and domestic partners. This increase responds to the increased engagements with the Department of the Treasury's Office of International Financial Markets in the financial standards work of the OFR and the FSOC.

Operations and Support Services +$1,026,000 / +4 FTE
This program increase stems from process and program improvement efforts begun in FY 2021, which enhanced the effectiveness of the OFR's operational functions. This includes focused service improvements for strategic planning, resource management, risk management, and organizational performance measurement and monitoring, as well better use of data for decision making through improved tools and visualizations.

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[1]X9D is a Subcommittee of the Accredited Standards Committee X9, accredited by the American National Standards Institute to develop and maintain voluntary consensus standards for the financial services industry.

1.3 – Object Classification (Schedule O) Obligations

Dollars in Thousands

Object Classification	FY 2021 Actual Obligations	FY 2022 Estimated Obligations	FY 2023 Estimated Obligations
11.1 - Full-time permanent	20,901	26,508	31,168
11.3 - Other than full-time permanent	6	7	8
11.5 - Other personnel compensation	475	529	623
11.9 - Personnel Compensation (Total)	**21,382**	**27,045**	**31,799**
12.0 - Personnel benefits	8,545	9,919	11,663
Total Personnel and Compensation Benefits	**$29,927**	**$36,964**	**$43,461**
21.0 - Travel and transportation of persons	7	450	450
23.3 - Communication, utilities, and misc charges	125	128	137
24.0 - Printing and reproduction	4	4	4
25.1 - Advisory and assistance services	23,230	23,765	25,543
25.2 - Other services	21	21	23
25.3 - Other purchases of goods & serv frm Govt accounts	730	747	803
25.7 - Operation and maintenance of equip	7,373	7,091	6,597
26.0 - Supplies and materials	8,378	8,568	8,781
31.0 - Equipment	640	655	704
32.0 - Land and structures	99	101	109
41.0 - Grants, subsidies, and contributions	0	0	1,500
Total Non-Personnel	**40,607**	**41,530**	**44,651**
Total Budgetary Resources	**$70,534**	**$78,494**	**$88,112**

Full-time Equivalents (FTE)	**111**	**143**	**163**

1) Personnel compensation and benefits include direct OFR staff members only. Object Classification 25.3, "Other goods and services from Federal sources," and expenditures of "Operations and Support Services" include reimbursable support received from Treasury's Departmental Offices; personnel benefits services from the Office of the Comptroller of the Currency; and, services from Treasury's Bureau of the Fiscal Service Administrative Resource Center, including human resource, procurement, travel, and financial management services.

D – Appropriations Language and Explanation of Changes

The OFR receives no appropriations from Congress.

E – Legislative Proposals

The OFR has no legislative proposals.

Section II – Annual Performance Plan and Report

A – Strategic Alignment

This year, the OFR is working to align budget activities and performance measures to the new objectives in the Treasury FY 2022 – 2026 Strategic Plan. This work will include benchmarking performance and may result in changes to performance measures in the FY 2024 budget.

- Goal 2 – Enhance National Security
  - Objective 2.1 – Cyber Resiliency of Financial Systems and Institutions
- Goal 3 – Protect Financial Stability and Resiliency
  - Objective 3.1 – Financial System Vulnerabilities
- Goal 5 – Modernize Treasury Operations
  - Objective 5.1 – Recruit and Retain a Diverse and Inclusive Workforce
  - Objective 5.3 – Better Use of Data
  - Objective 5.4 – Customer Experience Practices

OFR priorities for FYs 2022 and 2023 include:

1. Conducting relevant research and providing timely financial stability analysis and data products to the FSOC, its member agencies, and other stakeholders.
2. Administering highly secure and efficient service-oriented technology, data collection, data management, and data mandate-oriented programs; continuing engagement as an essential source of standards expertise in domestic and international fora; and becoming a source of standardized data necessary for financial stability risk measurement and monitoring.
3. Strengthening management accountability and employee engagement to continuously improve support for the FSOC and its member agencies.

The Office will continue to focus on monitoring risks to financial stability and enhancing and expanding tools for the OFR, FSOC, and FSOC member agencies to monitor those risks. The OFR will continue to provide stakeholders with high-quality, timely research and policy analysis. The OFR will also continue its work to identify and fill financial data gaps and to develop and implement financial data standards that underpin the quality and comparability of financial data needed for regulatory oversight work. Specific examples of this work include the OFR's ongoing data collection of centrally-cleared repurchase agreements as well as support for the Secured Overnight Financing Rate, the Alternative Reference Rates Committee's preferred alternative to LIBOR. It also includes the exploration of a potential uncleared bilateral repurchase agreement data collection and how the OFR could serve as a climate data hub.

The OFR will continue to publish its statutorily-mandated Annual Report that assesses the state of the U.S. financial system and presents key findings from the OFR's research. High quality data, strong research expertise, and capable and flexible information technology (IT) are essential to continue to support these assessments. The OFR will continue to assist the FSOC Secretariat by providing data, analysis, and other resources needed for the FSOC's annual report to Congress. In addition, as of December 2021, the OFR took on the role of Secretariat of the Regulatory Oversight Committee (ROC), an international group of financial market regulators, public authorities, and observers from more than 50 countries.

The OFR is maturing its human capital strategy to foster a high-performing and inclusive team, support employee engagement, and to strengthen its management team. Recognizing that organizational excellence is necessary for the OFR to achieve its mission, work slated for FYs 2022 and 2023 includes a range of initiatives related to human capital. The OFR will continue building on Federal Employee Viewpoint Survey results with a focus on internal communications, workforce planning, and learning and development. This also includes the deployment of a competency model that helps the OFR better understand existing staff's learning and development needs while improving understanding and planning related to the OFR's staffing pipeline. The OFR will continue maturing its organizational performance management, enterprise risk management, and enterprise-level strategic, tactical, and budget planning programs.

B –Budget and Performance by Budget Activity

2.1.1 – Data Center Resources and Measures

Dollars in Thousands

Resource Level	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Estimate	FY 2023 Estimate
Expenses/Obligations	$17,833	$15,967	$5,849	$2,771	$3,033	$4,045	$5,630
Budget Activity Total	**$17,833**	**$15,967**	**$5,849**	**$2,771**	**$3,033**	**$4,045**	**$5,630**
Full-time Equivalents (FTE)	**44**	**42**	**9**	**9**	**10**	**13**	**15**

Measure	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2021 Target	FY 2022 Target	FY 2023 Target
Number of Legal Entity Identifiers (LEIs) Issued Cumulatively in the United States and Internationally	587,941	1,300,832	1,487,695	1,733,473	1,941,554	I	I	I
Number of Times That Financial Data Standards are Incorporated in Rules and Regulations	4	1	1	3	2	I	I	I
Percent of monitors updated or expanded during the reporting period	N/A	N/A	N/A	N/A	100%	95%	95%	95%

Key: I - Performance Indicator

Data Center Budget and Performance

($5,630,000 from Assessments):

The Data Center seeks new ways to promote, share, and develop the OFR's data and data analytic products with external stakeholders, and advances the development and use of data standards to improve the quality and sharing of data across the regulatory system. The Data Center's efforts are divided into two major focus areas: 1) Data Products, and 2) Data Strategy and Standards.

Data Products

The Data Products Team serves as the product integrator of the overall vision, management, and implementation of the OFR's data products program. The team continues to mature its data science capacity, incorporating elements of data science in order to expand the OFR's ability to gain deeper insights from financial markets data and data the OFR produces.

Throughout FY 2023, the team will continue efforts to enhance and expand the OFR's financial monitors. For FY 2023, Data Products will target having a 95% on-time publication of the financial monitors. The team will develop a common user-interface, data, and an analytical framework for the OFR's production of financial monitors; update deprecated production code for the Financial Stability Index and Money Market Fund Monitors; and review and update, if required, the underlying analytical methodologies of all the OFR's production financial monitors.

The Data Products team plans to continue to implement the OFR-hosted Climate Data and Analytics Hub pilot. As part of this effort, it will produce and disseminate a lessons-learned report for the pilot. As directed, it will continue to support FSOC and OFR climate-related financial research. The Data Strategy and Standards (DSS) team will support this effort by developing and delivering multiple climate data taxonomies or ontologies as requested to fulfill the requirements of the OFR-Hosted Climate Data & Analytics Hub pilot.

Data Strategy and Standards
The DSS team is the OFR's principal unit for ensuring the OFR meets its standards mandates. To meet these mandates, DSS leads and participates in domestic and international financial data standards organizations that meet the definition of a voluntary consensus standards organization, as established in the Office of Management and Budget's Circular No. A-119. Financial data standards for financial data benefit regulators and financial market participants by making data aggregation easier, improving analysis, and reducing data collection costs.

While promotion of the Legal Entity Identifier (LEI) remains a foundational standards focus for the OFR, the DSS team continues to play a leading role in the development of international consensus for, and governance of, vital identifiers for products, transactions, and the data elements critical to derivatives market reporting and regulation. Throughout FY 2023, the team will identify and analyze data standards gaps and the potential to fill them. Specific engagements include contributing to the further development of the Natural Person Identifier (ISO 24366), a new standard of the International Organization for Standardization. This standard provides specifications to uniquely identify the natural person relevant to any financial transaction. In addition, DSS will continue providing Secretariat support for the ROC, delivering expert knowledge of standards and service to its members.

The DSS team also leads the standards development of the FIRD and will conduct analysis and validation of open datasets for use in future phases of the FIRD. This includes identifying industry data standards requirements obtained from the X9 Industry Forum for Financial Terms Harmonization and integrating new functionality into the OFR's FIRD. This effort will be conducted in the X9 Industry Forum for Financial Terms Harmonization, with OFR as Chair.

The DSS team will also expand its standards guidance and support for FSOC and main Treasury, including the Office of International Financial Markets in research and monitoring of emerging standards developments and potential risks in the area of payments, digital currency, digital identity, blockchain, and potential international risks from new standards initiatives. The team will also contribute standards requirements and compliance validation for uncleared bilateral repo data.

The OFR Data Center monitors progress through the following key performance indicators:[2]

- Number of LEIs Issued Cumulatively in the United States and Internationally – The LEI helps the financial industry, regulators, and policymakers trace exposures and connections across the financial system. It also generates efficiencies for financial companies in internal reporting; risk management; and in collecting, cleaning, and aggregating data. In addition, the LEI can ease companies' regulatory reporting burdens by reducing overlap and duplication with respect to the multiple identifiers reporting firms must manage. The indicator developed for the LEI tracks the progress of industry's use of the LEI over time.

- Number of Times that Financial Data Standards are Incorporated in Rules and Regulations – This data point serves as an indicator of regulators' awareness of the importance of data standards and the extent to which those standards are being adopted in rules and regulations. Similar to the indicator above, the Data Center monitors activity in this area to determine whether relevant pending rules and regulations incorporate financial data standards, as appropriate.

2.1.2 – Technology Center Resources and Measures

Dollars in Thousands

Resource Level	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Estimate	FY 2023 Estimate
Expenses/Obligations	$29,235	$23,530	$28,278	$35,739	$40,743	$38,320	$40,909
Budget Activity Total	**$29,235**	**$23,530**	**$28,278**	**$35,739**	**$40,743**	**$38,320**	**$40,909**
Full-time Equivalents (FTE)	**63**	**52**	**47**	**47**	**50**	**62**	**67**

Technology Center Budget and Performance

($40,909,000 from Assessments):

The OFR Technology Center oversees OFR's information technology systems and system security, including an information technology platform to support analysis of large-scale data sets. The Technology Center also acquires commercial, nonpublic, and proprietary data through procurements, provider agreements, and the OFR's own collection activities. To advance Treasury's strategic goal to promote financial stability, the Technology Center provides mission-critical technology resources needed to produce financial stability monitors, research and briefings for the FSOC and other stakeholders, and evaluations of financial stability policies. It is responsible for secure access to data sets, and maintenance of data lineage, privacy, and governance. It provides data stewardship, onboarding, processing, storing, and archiving of data and work products. The OFR has internal performance measures for this activity; however, they are not public because the measures contain sensitive information.

The Technology Center's focus in FY 2023 will be on several major initiatives that require infrastructure growth in the near future. As the OFR engages more intensively in climate data-based financial stability research, the Office will build and expand its information infrastructure to support these emerging needs. The Technology Center also anticipates

[2]Note that these are not measures, but indicators because the OFR, through its leadership in standards and regulatory oversight bodies and provision of technical guidance to other regulators, can influence these metrics but cannot directly control them.

additional development, data storage, and security controls to support the third phase of the FIRD project, the LEI ROC project, and exploration of a potential collection of uncleared bilateral repo data.

Cloud Transition
Having migrated to the cloud environment, the OFR will shift to building out, implementing, and expanding cloud native applications and functionality—such as high performance computing, Hadoop, content delivery network, and serverless and scalable application programming interface—in support of OFR, FSOC, and ROC projects, data, and research. This requires further investment, development, and growth in our cloud infrastructure in FY 2023.

2.1.3 – Research and Analysis Center Resources and Measures

Dollars in Thousands

Resource Level	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Estimate	FY 2023 Estimate
Expenses/Obligations	$15,605	$12,302	$8,238	$7,340	$8,692	$15,184	$20,413
Budget Activity Total	**$15,605**	**$12,302**	**$8,238**	**$7,340**	**$8,692**	**$15,184**	**$20,413**
Full-time Equivalents (FTE)	**53**	**42**	**24**	**21**	**21**	**34**	**43**

Measure	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2021 Target	FY 2022 Target	FY 2023 Target
Timeliness of responses to FSOC research and analysis requests	N/A	N/A	N/A	100%	100%	95%	95%	95%

Research and Analysis Center Budget and Performance
($20,413,000 from Assessments):
The Research and Analysis Center (RAC) conducts applied research and analysis and essential long-term research on systemic risk, macroprudential policy, and financial stability to support the stability of the U.S. financial system. The Center's work aims to inform sound policy and develop tools for risk monitoring. Working closely with the FSOC, Treasury, the Financial Research Advisory Committee, and other key stakeholders, the OFR collaboratively identifies important issues that need to be addressed. The OFR focuses its resources on delivering impactful results that identify financial system fragilities and vulnerabilities, and the channels and sources of risk amplification through which vulnerabilities can affect financial stability.

Supporting the FSOC and Congress with Timely and Relevant Research, Analysis, and Risk Monitoring Tools.
In FY 2023, the RAC will devote significant effort to the collection and analysis of repo market data. This relates to heightened efforts to understand bilateral repo markets as well as continuation of analysis around centrally cleared repo markets on U.S. Treasury collateral. This strand of work broadly supports the Interagency Working Group on Treasury Market Liquidity, comprised of a number of financial regulatory agencies. The objective of this working group is to maintain and develop additional resilience of US Treasury markets which supports a major FSOC and Treasury strategic priority.

The RAC is also devoting efforts to framework risks for the financial system, those which might not present themselves through the lens that financial regulators traditionally contemplate for markets and institutions. One of these framework risks is the risk posed to the financial system by the growth and adoption of digital assets. Consistent with Treasury's strategic priorities, the RAC is studying the effects on traditional asset classes, changes in incentives, consequences of regulatory and policy gaps, and uses of financial innovation by new and existing financial institutions. A second framework risk is the threat posed by cybersecurity disruptions. In this regard, the RAC has entered a partnership with the Defense Advanced Projects Research Agency (DARPA) to develop analysis and technologies for resilience to cybersecurity disruptions to digital financial ledgers. As these ledgers are resident in financial market participants and utilities that relate to financial stability risks, the partnership has certain applications.

Throughout FY 2023, the RAC will continue its direct work for the FSOC Secretariat, providing support for the FSOC's annual report to Congress in the form of research, analysis, and other resources. The RAC will contribute to the FSOC's transition to an activities-based approach for the non-bank designation process and will continue to respond to specific requests for research and analysis. The RAC also provides subject-matter experts to FSOC committees and working groups, and routinely collaborates on policy evaluation and financial research with staff from FSOC member agencies. Staffers frequently make presentations of their research and analysis to FSOC committees, such as the Systemic Risk Committee.

2.1.4 – Operations and Support Services Resources and Measures

Dollars in Thousands

Resource Level	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Estimate	FY 2023 Estimate
Expenses/Obligations	$26,533	$24,226	$17,496	$17,237	$18,066	$20,945	$21,160
Budget Activity Total	**$26,533**	**$24,226**	**$17,496**	**$17,237**	**$18,066**	**$20,945**	**$21,160**
Full-time Equivalents (FTE)	**59**	**49**	**25**	**25**	**30**	**34**	**38**

Operations and Support Services Budget and Performance

($21,160,000 from Assessments):

The category "Operations and Support Services" contains the activities of the Director's Office, Operations, and Chief Counsel's Office. This category includes support provided through a shared services model and reimbursable arrangements with Treasury's Departmental Offices; personnel benefits services from the Office of the Comptroller of the Currency; and services from Treasury's Bureau of the Fiscal Service Administrative Resource Center, including services related to human resources, procurement, travel, and financial management.

The OFR has made organizational excellence a critical priority. Initiatives related to Federal Employee Viewpoint Survey results, internal communications, workforce planning and competency modeling activities, continuous process improvement, organizational performance management, and enterprise planning frameworks are led by Operations and guided by the Director's Office and Chief Counsel's Office. These initiatives will continue across FY 2022 and FY 2023.

In coordination with Treasury's Risk Management Office, Operations will continue to mature its enterprise risk management (ERM) program and the integration of ERM into strategic and tactical planning and organizational performance measurement. Key objectives for FY 2023 include conducting an annual enterprise risk review, an enterprise risk maturity assessment, and the continuous improvement of OFR operations and support services.

C – Changes in Performance Measures
There are no changes in OFR's performance measures.

Section III – Additional Information

A – Summary of Capital Investments
Capital investments that support OFR are included in the Departmental Offices plan. A summary of capital investment resources, including major IT and non-IT investments can be viewed and downloaded at:
http://www.treasury.gov/about/budget-performance/Pages/summary-of-capital-investments.aspx

Department of the Treasury Financial Stability Oversight Council

Congressional Budget Justification and Annual Performance Plan and Report

FY 2023

Table of Contents

Section I – Budget Request

A – Mission Statement
To identify risks to the financial stability of the United States, to promote market discipline, and to respond to emerging threats to the stability of the U.S. financial system.

B – Summary of the Request
The Financial Stability Oversight Council (FSOC or Council) anticipates a fiscal year (FY) 2023 funding level of $12.433 million, including $7.933 million for the FSOC Secretariat and the Office of the Independent Member with Insurance Expertise, and $4.500 million to reimburse the Federal Deposit Insurance Corporation (FDIC) for certain expenses as required by law. Of the $1.612 million overall increase from the FY 2022 estimated funding level, the increase to the FDIC reimbursement represents $1.246 million or 77 percent of this total. The FSOC is financed through assessments on certain bank holding companies and nonbank financial companies. See 31 CFR Part 150 and Treasury's final rule and interim final rule governing the Assessments process: https://www.govinfo.gov/content/pkg/FR-2012-05-21/pdf/FR-2012-05-21.pdf. The funding for the first six months of operating expenses and 12 months of capital expenses are reflected in Unobligated Balances from Prior Years. This is because the first assessment covering the fiscal year beginning October 1 is collected on September 15 of the prior fiscal year.

The increase reflects the need for the FSOC Secretariat to rebuild capacity and acquire resources to fulfill ongoing responsibilities and advance the Council's priorities. These focus areas include: 1) nonbank financial intermediation; 2) Treasury market resilience; 3) climate-related financial risk; and 4) digital assets.

1.1 – Appropriations Detail Table
Dollars in Thousands

Appropriated Resources	FY 2021 Actuals		FY 2022 Estimate		FY 2023 Estimate		FY 2022 to FY 2023 % Change	
Revenue/Offsetting Collections	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**
Assessments	0	$8,228	0	$11,143	0	$11,329	NA	1.7%
Interest	0	$4	0	$6	0	$12	NA	100.0%
Recoveries	0	$76	0	$480	0	$480	NA	0.0%
Restoration of Sequestration Rescission	0	$525	0	$469	0	$636	NA	35.4%
Unobligated Balances from Prior Years	0	$7,463	0	$6,380	0	$7,022	NA	10.1%
Subtotal New Appropriated Resources	**0**	**$16,296**	**0**	**$18,478**	**0**	**$19,479**	**NA**	**5.4%**
Expenses/Obligations								
FSOC	14	$4,996	23	$7,567	27	$7,933	17.4%	4.8%
FDIC	0	$4,451	0	$3,254	0	$4,500	NA	38.3%
Subtotal Other Resources	**14**	**$9,447**	**23**	**$10,821**	**27**	**$12,433**	**17.4%**	**14.9%**
Sequestration Reduction		($469)		($636)		($646)		
Total Budgetary Resources	**14**	**6,380**	**23**	**7,022**	**27**	**6,400**	**17.4%**	**-8.9%**

1.2 – Budget Adjustments Table

Dollars in Thousands

	FTE	Amount
FY 2022 Estimate	**23**	**$10,821**
Changes to Base:		
Maintaining Current Levels (MCLs):	0	$306
Pay Annualization (2.7% average pay raise)	0	$28
Pay Raise (4.6% average pay raise)	0	$144
Non-Pay	0	$133
Subtotal Changes to Base	0	$306
FY 2023 Current Services	**23**	**$11,127**
Program Changes:		
Program Increases:	4	$1,306
FSOC Priority Workstream Hiring	4	1,220
Strengthen DO Equity, Cybersecurity, IT, and facilities infrastructure	0	86
FY 2023 Estimate	**27**	**$12,433**

C – Budget Increases and Decreases Description

Maintaining Current Levels (MCLs) ....+$306,000 / +0 FTE

Pay Annualization (2.7%) +$28,000 / +0 FTE

Funds are required for annualization of the January 2022 2.7% average pay raise.

Pay Raise (4.6 % in FY 2023) +$144,000 / +0 FTE

Funds are required for a 4.6% average pay raise in January 2023.

Non-Pay +$133,000 / +0 FTE

Funds are required for non-labor expenses such as travel, contracts, rent, supplies, and equipment.

Program Increases ....+$1,306,000/ +4 FTE

FSOC Priority Workstream Hiring +$1,220,000 / +4 FTE

To fulfill the priorities set forth by the Secretary, acting in her capacity as the Chair of the Council, the FSOC Secretariat intends to increase its long-term staffing plan to 27 by four staff members.

In estimating the resources needed to advance the Council's new priorities and to realize improvements needed for ongoing responsibilities, the FSOC Secretariat predicts an ongoing headcount deficiency starting in the near-term. Preliminary work has already begun on the Council's new initiatives, including work on measuring and mitigating climate-related financial risk and on understanding the potential financial stability risks posed by nonbank financial intermediaries. Together with staff at FSOC member agencies and other members, the FSOC Secretariat staff established the Council's Hedge Fund Working Group (HFWG) and the Open-End Funds Working Group (OEFWG) and also published the Council's Report on Climate-Related Financial Risk in 2021. The Council also announced plans to establish two new committees to support the Council's climate-related efforts, which the FSOC Secretariat will support along with the Council's other existing committees. As these efforts mature, additional staff will be needed to ensure these groups and committees function as intended and make progress in these important areas. These priorities reflect the effort required in addition to core responsibilities such as publishing the annual report and advancing financial stability monitoring work.

Strengthen Departmental Offices (DO) Equity, Cybersecurity, IT, and facilities infrastructure +$86,000 / +0 FTE
This funding also includes FSOC's costs associated with Treasury's internal equity programs, including growing recruitment pipelines to diverse talent and improving support and analysis of equity programs geared at the existing workforce.

This effort supports Equal Employment Opportunity (EEO) efforts as required in Executive Orders 13985, 13988, and 14035.

This request also provides for FSOC's portion of funding for a Treasury funding for non-capital investments. These ensures costs avoid diverting DO resources away from programmatic needs. The funding will also support Treasury's strengthening of cybersecurity, consistent with heightened risks.

1.3 – Object Classification (Schedule O) Obligations

Dollars in Thousands

Object Classification	FY 2021 Actual Obligations	FY 2022 Estimated Obligations	FY 2023 Estimated Obligations
11.1 - Full-time permanent	2,029	3,353	4,117
11.3 - Other than full-time permanent	168	0	0
11.5 - Other personnel compensation	18	228	280
11.9 - Personnel Compensation (Total)	**2,215**	**3,581**	**4,397**
12.0 - Personnel benefits	755	1,031	1,266
Total Personnel and Compensation Benefits	**$2,971**	**$4,612**	**$5,663**
21.0 - Travel and transportation of persons	2	40	40
25.1 - Advisory and assistance services	213	700	708
25.2 - Other services from non-Federal sources	4	17	17
25.3 - Other goods and services from Federal sources	6,011	4,830	5,375
26.0 - Supplies and materials	246	617	624
31.0 - Equipment	0	5	5
Total Non-Personnel	**$6,476**	**$6,209**	**$6,770**
Total Obligations	**$9,447**	**$10,821**	**$12,433**
Full-time Equivalents (FTE)	**14**	**23**	**27**

D – Appropriations Language and Explanation of Changes

The FSOC receives no appropriations from Congress.

E – Legislative Proposals

The FSOC has no legislative proposals.

Section II – Annual Performance Plan and Report

A – Strategic Alignment

The Council is chaired by the Secretary of the Treasury and consists of ten voting members and five nonvoting members who serve in an advisory capacity. The Council brings together the expertise of the federal financial regulators, an insurance expert appointed by the President, and state regulators.

The Council's three statutory purposes are to:
1) identify risks to the financial stability of the United States that could arise from the material financial distress or failure, or ongoing activities, of large, interconnected bank holding companies or nonbank financial companies, or that could arise outside the financial services marketplace;
2) promote market discipline, by eliminating expectations on the part of shareholders, creditors, and counterparties of such companies that the Government will shield them from losses in the event of failure; and
3) respond to emerging threats to the stability of the U.S. financial system.

Among other statutory duties, the Council has a duty to facilitate information sharing and coordination among the member agencies regarding domestic financial services policy development, rulemaking, examinations, reporting requirements, and enforcement actions.

This office supports the following strategic objectives for Strategic Goal 3, to Protect Financial Stability and Resiliency:
- Objective 3.1: Financial System Vulnerabilities.
- Objective 3.2: Resilient Treasury and Municipal Securities Markets.
- Objective 3.3: Financial Innovation.

This office supports the following strategic objectives for Strategic Goal 4, to Combat Climate Change:
- Objective 4.3: Climate-related Financial Risks.

B – Budget and Performance by Budget Activity

2.1.1 – Financial Stability Oversight Council Resources and Measures

Dollars in Thousands

Resource Level	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Estimate	FY 2023 Estimate
Expenses/Obligations	$5,655	$4,966	$5,246	$5,190	$4,996	$7,567	$7,933
Budget Activity Total	**$5,655**	**$4,966**	**$5,246**	**$5,190**	**$4,996**	**$7,567**	**$7,933**
Full-time Equivalents (FTE)	**17**	**13**	**14**	**15**	**14**	**23**	**27**

Note: The amounts of actuals in FSOC expenses/obligations for 2020 in the table above differ from the amounts in the 2022 President's Budget by $325K. The accurate $5.190M is reflected in the above table.

Financial Stability Oversight Council
($7,933,000 from Assessment):
There are no measures specified for managing Council performance. The FSOC's annual reports and other public documents provide information to the public relevant to the Council's performance. Information on the Council is provided on www.treasury.gov, www.fsoc.gov. Performance documents for FSOC member agencies can also be found on their respective websites to provide transparency and accountability.

On December 17, 2021, the Council published its annual report. The report describes activities of the Council over the past year, as the U.S. economy has continued to rebound from the disruptions caused by the COVID-19 pandemic. Additionally, the Council's annual report describes significant financial market and regulatory developments, potential emerging threats to U.S. financial stability, and recommendations to promote U.S. financial stability. The report was developed collaboratively by members of the Council and their agencies and staffs.

2.1.2 – FDIC Reimbursement Resources and Measures

Dollars in Thousands

Resource Level	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Estimate	FY 2023 Estimate
Expenses/Obligations	$5,126	$4,162	$4,301	$2,993	$4,451	$3,254	$4,500
Budget Activity Total	**$5,126**	**$4,162**	**$4,301**	**$2,993**	**$4,451**	**$3,254**	**$4,500**
Full-time Equivalents (FTE)	**0**	**0**	**0**	**0**	**0**	**0**	**0**

FDIC Reimbursement
($4,500,000 from Assessments):
Certain FDIC expenses are treated as expenses of the Council. By law, the Council's expenses include reimbursement of reasonable implementation expenses incurred by the FDIC in implementing Orderly Liquidation Authority. The FDIC must periodically submit requests for reimbursement of these expenses to the Chairperson of the Council, who shall arrange for prompt reimbursement to the FDIC. FDIC expenses are for rule writing and resolution planning.

Section III – Additional Information

A – Summary of Capital Investments

The FSOC has no capital investments. Capital investments that support the FSOC are included in the Treasury Franchise Fund Plan.

A summary of capital investments, including major information technology and non-technology investments, can be viewed and downloaded at:
https://www.treasury.gov/about/budget-performance/Pages/summary-of-capital-investments.aspx.

Department of the Treasury
Treasury Franchise Fund

Congressional Budget Justification and Annual Performance Plan and Report

FY 2023

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Section I – Budget Request

A – Mission Statement
To assist customer agencies in meeting their mission by providing responsive, customer-focused, cost-effective administrative and information technology support services.

B – Summary of the Request
The Treasury Franchise Fund (TFF) supports effective administrative and information technology services through commitment to service, efficient operations, openness to change, and values-based behavior. The TFF achieves cost savings leveraging economies of scale which promote efficient use of resources by shared service providers.

The TFF providers include Departmental Offices' Treasury Shared Services Programs (TSSP), Departmental Offices' Centralized Treasury Administrative Services (CTAS), and the Bureau of the Fiscal Service's Administrative Resource Center (ARC). TFF shared service providers offer financial management, procurement, travel, human resources, information technology, and other administrative services to federal customers on a fully cost recoverable, fee-for-service basis.

The TFF FY 2023 Congressional Budget Justification reflects revised estimates for FY 2022 along with new funding estimates for FY 2023. The revised estimates in FY 2022 for ARC Administration (Admin) includes an increase in resources to meet critical workforce demands for increased hiring and related human resource actions to help Bureaus and Offices achieve missions and priorities. The revised estimates also include a reduction in resources needed in ARC Information Technology's (IT) planned operations and maintenance support because of efficiency gains realized from modernizations efforts to transition to cloud and low-code solutions for applications and services. Additionally, the FY 2022 revised estimates include a decrease in CTAS resources due to deferment of IT modernization investments.

In FY 2023, TSSP will continue to support efforts in cybersecurity with the additional transferred operations and maintenance costs for initiatives developed under the Cybersecurity Enhancement Account (CEA). These cybersecurity initiatives will be deployed and implemented as a shared service to support enterprise-wide services and capabilities to strengthen the cybersecurity posture across the components of the Department of Treasury. Additionally, TSSP and CTAS programs will also support efforts related to the Secretary's priorities associated with IT Modernization and Advancing Equity in Treasury Programs.

In FY 2023, ARC Admin will complete foundational initiatives from the business transformation effort ("oneARC") and begin realizing operational efficiencies. The effort will simplify customer financial management (FM) services, increase customer FM maturity and public trust, and maximize ARC value.

1.1 – Resource Detail Table

Dollars in Thousands

Budgetary Resources	FY 2021 Actual		FY 2022 Revised Estimate		FY 2023 Estimate		FY 2022 to FY 2023 % Change	
Revenues/Offsetting Collections	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**	**FTE**	**AMOUNT**
Treasury Shared Services Program[1]		356,934		314,318		326,772		3.96%
Centralized Treasury Administrative Services		131,449		146,043		160,151		9.66%
Administrative Services[1]		208,491		191,029		205,796		7.73%
Information Technology Services		196,417		214,837		220,606		2.69%
Recovery from Prior Years		13,272		13,000		13,000		0.00%
Unobligated Balances from Prior Years		168,160		123,946		137,008		10.54%
Total Revenues/Offsetting Collections		**$1,074,723**		**$1,003,173**		**$1,063,333**		**6.00%**
Expenses/Obligations								
Treasury Shared Services Program	191	359,467	269	314,318	279	326,772	3.72%	3.96%
Centralized Treasury Administrative Services[2]	156	129,780	170	137,351	170	160,151	0.00%	16.60%
Administrative Services	1,183	224,019	1,258	214,159	1,245	211,081	-1.03%	-1.44%
Information Technology Services	506	231,156	515	215,337	515	221,106	0.00%	2.68%
Totals Expenses/Obligations	**2,036**	**944,422**	**2,212**	**881,165**	**2,209**	**919,111**	**-0.14%**	**4.31%**
Net Results	**2,036**	**$130,301**	**2,212**	**$122,008**	**2,209**	**$144,222**	**-0.14%**	**18.21%**

The Financial Management Administrative Support Service and Shared Services Programs, as denoted in the President's budget is also referred) as the Administrative Services and Treasury Shared Services Program, respectively.

n FY 2022, Centralized Treasury Administrative Services reflects an additional reduction to FTE levels from the amounts presented in the resident's budget. This is due to the extended continuing resolution (CR).

1.2 – Budget Adjustments Table

Dollars in Thousands

	FTE	Amount
FY 2022 Original Estimate	**2,219**	**$893,144**
Adjustments to FY 2022 Original Estimate	**(7)**	**(11,979)**
Deferred IT System Modernization and Investments (CTAS)[1]	(27)	(8,497)
Increased Personnel Resources/IT Modernization (ARC Admin/IT)	20	(3,482)
FY 2022 Revised Estimate	**2,212**	**$881,165**
Changes to Base:		
Maintaining Current Levels (MCLs):		23,695
Pay Annualization (2.7% average pay raise)		1,832
Pay-Raise (4.6% average pay raise)		9,429
Non-Pay		12,434
Subtotal Changes to Base		23,695
FY 2023 Current Services	**2,212**	**$904,860**
Program Changes:		
Program Increases:	10	24,254
Cybersecurity Enhancement Account (CEA) Operations and Maintenance (TSSP)	4	1,120
IT Systems Modernization and Program Support (TSSP)	3	3,386
Advancing Equity in Treasury Programs (TSSP)	3	515
IT System Modernization (CTAS)	0	13,835
Cyber Infrastructure (CTAS)	0	3,398
Facilities Infrastructure (CTAS)	0	2,000
Program Decreases:	(13)	(10,003)
Business Transformation Efforts (ARC Admin)	(13)	(10,003)
Subtotal Program Changes	**(3)**	**$14,251**
FY 2023 Estimate	**2,209**	**$919,111**

[1]In FY 2022, Centralized Treasury Administrative Services reflects an additional reduction to FTE levels from the amounts presented in the President's budget. This is due to the extended continuing resolution (CR).

C – Budget Increases and Decreases Description

Adjustments to FY 2022 Original Estimate ………..…………...……… -$11,979,000/ -7 FTE

Deferred IT System Modernization and Investments (CTAS) -$8,497,000/ -27 FTE

The revised CTAS FY 2022 estimate includes adjustments to decrease labor and non-labor estimates from the FY 2022 original estimate. Due to the extended continuing resolution (CR) in FY 2022, the customers within Departmental Offices (DO) are unable to fund key initiatives proposed in the FY 2022 Budget, including server replacements and modernization to end user hardware and software. Those investments in the Departmental Offices are re-proposed in the FY 2023 CTAS estimates.

Increased Personnel Resources/IT Modernization (ARC Admin/IT) -$3,482,000 / +20 FTE

ARC Admin - Increased Personnel Resources +2,851,000 / +22 FTE

Revised FY 2022 estimates includes adjustments for additional resources to meet critical workforce demands for classification and staffing services provided to customers. As the hiring volumes of customers has recovered from the FY 2017 Federal hiring freeze, this resource level will provide the necessary support to alleviate delays for the delivery of critical hiring needs within targeted service levels.

ARC IT - IT Modernization -$6,333,000 / -2 FTE

In FY 2022, efficiency gains are realized as ARC IT modernizes and moves to cloud and low-code solutions for applications and services. Additionally, the reduction of custom platforms has also allowed for rightsizing of licensing and maintenance contracts resulting in cost avoidance for the fiscal year.

Maintaining Current Levels (MCLs)……………………………….…. +$23,695,000 / +0 FTE
Pay Annualization (2.7%) +$1,832,000 / +0 FTE:
Funds are required for annualization of the January 2022 2.7% average pay raise.

Pay Raise (4.6% in 2023) +$9,429,000 / +0 FTE:
Funds are required for a 4.6% average pay raise in January 2023.

Non-Pay +$12,434,000 / +0 FTE
Funds are required for non-labor expenses such as travel, contracts, rent, supplies, and equipment.

Program Increases…………………………………….……………. +$24,254,423 / +10 FTE
Cybersecurity Enhancement Account (CEA) Operations and Maintenance (O&M) (TSSP) +$1,120,000 / +4 FTE
The TSSP supports the transition of additional O&M costs from CEA for cybersecurity enhancements and capabilities that will be deployed enterprise wide. Since FY 2020, the total O&M costs transitioned into TSSP is $16.75 million, including this increase. The following initiatives will transition in this fiscal year:

- CEA High Value Assets Staffing Transition (+$890,000 / +4 FTE)
- PhishMe Licenses and PhishMe Triage (+$230,000 / +0 FTE)

Systems Modernization and Program Support (TSSP) +3,386,056 / +3 FTE
Treasury will increase spending for program support and IT system modernization for enhancements across TSSP programs to include:

- O&M and sustainment costs for applications across the Enterprise Business Solution Programs (+$1,368,196)
- IT systems program and contractor support (+$825,260 / +3 FTE)
- Cloud adoption and transition for financial reporting applications (+$692,600 / +0 FTE)
- Enterprise cost for the new Line-of-Business for the Federal Executive Boards program support the advancement of the Administration's objectives and strengthen the Federal workforce (+$500,000 / +0 FTE)
- Management support for enterprise-wide data collections efforts (+$350,000 / +0 FTE)

Advancing Equity in Treasury Programs (TSSP) +$514,705 / +3 FTE
To further the priorities and objectives set forth by the Treasury Secretary, the TSSP will support efforts across the shared services programs to advancing equity for Federal employees. These efforts include the development of new diversity and inclusion curriculum within Treasury's Executive Institute. Resources will also support expanded program support for the Offices of Civil Rights and Diversity and Equal Employment Opportunity (EEO).

IT Systems Modernization (CTAS) +$13,835,662 / +0 FTE
Departmental Offices (DO) IT Modernization investment will support increased spending for critical lifecycle equipment upgrades and enhancements to modernize the DO IT infrastructure

and IT server replacements.

DO IT Infrastructure Modernization
1. End User Equipment Lifecycle – Asset refresh of end-of-life end equipment (i.e., laptops, desktops, zero clients, etc.) and migrate to cloud services
2. Telework Workforce Enhancements – Hardware and software to support efficiency and mission achievement in telework paradigm
3. Video Teleconferencing – Increased software licenses, support, and services for DO web conferencing
4. Managed Remote Access - Transition from government owned and operated to managed service remote access for DO user community
5. Managed Desktop/Virtual Desktop Infrastructure (VDI) - Transition from government owned and operated virtual desktop infrastructure to managed service

DO IT Server Replacement
In FY 2023, Treasury will replace IT servers that have reached end of life. These servers support the majority of IT operations and the daily workload within DO. By FY 2023, over 120 of these critical servers will no longer receive vendor support or updates, which put critical IT components at risk of failure or breach. Cloud migration assessments for have been conducted for these servers and results have helped to identify opportunities to transition to cloud services for most servers. Re-capitalization of servers represents most of the costs incurred.

Cyber Infrastructure (CTAS) +$3,398,000 / +0 FTE
DO must invest in cyber protections commensurate with the risks incurred in Treasury's efforts to safeguard the financial sector, U.S. economy and in combating cybercrimes. DO investments will enhance Treasury's ability to protect the cyber infrastructure and respond to major cyber incidents. Investments will also include Microsoft FedRAMP High Government Community Compliance (GCC) licenses, which have been a key component of Treasury's response to SolarWinds. This includes enhanced security controls, monitoring, and threat protection, as well as improved data and identity management. These new capabilities are crucial to protect the 3,000 users within DO from potential ransomware.

Facilities Infrastructure (CTAS) +$2,000,000 / +0 FTE
This request also provides funding for a repairs and improvements account within DO. Historic office buildings like Treasury's are expected to have costs near $3 per square foot per annum. Based on that benchmark the costs for maintaining buildings of the size of Main Treasury (MT) and Freedman's Bank Building (FBB) Treasury Facilities would be approximately $2M in funding annually. Treasury's current funding level is approximately $450K.

Program Decreases…………………………………………………………-$10,003,000 / -13 FTE
Business Transformation Efforts (ARC Admin) -$10,003,000 / -13FTE
In FY 2023, ARC anticipates realized results from the business transformation related to the oneARC initiative in FY 2022. This initiative focused on foundational enhancements to business operations. The decrease reflects a $7,555 reduction in initiative spending and estimates efficiency gains related to oneARC, to include $2,448 and 13 FTE.

1.3 – Object Classification (Schedule O) Obligations

Dollars in Thousands

Object Classification	FY 2021 Actual Obligations	FY 2022 Revised Estimated Obligations	FY 2023 Estimated Obligations
11.1 - Full-time permanent	186,777	188,818	193,030
11.3 - Other than full-time permanent	836	1,025	1,019
11.5 - Other personnel compensation	7,974	3,181	2,666
11.6 - Overtime	0	3,190	3,255
11.8 - Special personal services payments	13	14	15
11.9 - Personnel Compensation (Total)	**195,600**	**196,229**	**199,984**
12.0 - Personnel benefits	72,428	72,498	77,410
13.0 - Benefits for former personnel	35	31	29
Total Personnel and Compensation Benefits	**$268,063**	**$268,758**	**$277,424**
21.0 - Travel and transportation of persons	374	301	556
22.0 - Transportation of things	15	0	0
23.1 - Rental payments to GSA	36,269	33,000	34,250
23.3 - Communication, utilities, and misc charges	82,035	87,965	91,756
24.0 - Printing and reproduction	204	144	215
25.1 - Advisory and assistance services	223,924	129,182	140,657
25.2 - Other services	39,736	31,965	39,611
25.3 - Other purchases of goods & serv frm Govt accounts	153,865	147,300	159,867
25.4 - Operation and maintenance of facilities	1,190	1,965	4,750
25.7 - Operation and maintenance of equip	87,174	127,435	114,086
26.0 - Supplies and materials	3,059	3,149	2,836
31.0 - Equipment	43,656	50,000	52,040
32.0 - Land and structures	4,428	1	1,059
42.0 - Insurance claims and indemnities	5	0	6
44.0 - Refunds	425	0	0
Total Non-Personnel	**$676,358**	**$612,407**	**$641,687**
Total Obligations	**$944,422**	**$881,165**	**$919,111**
FTE[1]	**2,036**	**2,212**	**2,209**

[1]In FY 2022, Centralized Treasury Administrative Services reflects an additional reduction to FTE levels from the amounts presented in the President's budget. This is due to the extended continuing resolution (CR).

D – Appropriations Language and Explanation of Changes

The TFF has no appropriated resources.

E – Legislative Proposals

The TFF has no legislative proposals.

Section II – Annual Performance Plan and Report

A – Strategic Alignment

Alignment with the Treasury Strategic Plan

The Treasury Franchise Fund aligns to the following Treasury strategic goals and objectives as presented in the FY 2022 - 2026 strategic plan:

Goal 5: Modernize Treasury Operations

- Objective 5.1 – Recruit and Retain a Diverse and Inclusive Workforce - Recruit and retain a diverse workforce that represents communities that Treasury serves.

- Objective 5.2 - Future Work Routines - Transform the Department's work routines to support changing mission and workforce needs.

- Objective 5.2 – Better Use of Data - Increase timely access to and use of quality data and other types of evidence to inform decision-making.

- Objective 5.4 – Customer Experience Practices – Mature and embed strong customer experience practices across the Department, establishing Treasury's reputation for consistently positive experiences.

TFF continues to set the benchmark for federal mission support services and is committed to:

- Customer satisfaction
- Streamlining processes
- Implementing innovative and customer centric solutions

The TFF is well positioned in FY 2023 as a key federal resource. The TFF service providers to enhance federal mission for all customer Bureaus and Offices by providing services that align and comply with priority areas including cybersecurity and IT modernization of the infrastructure and networks. The TFF emphasizes this through a standardized "build once, use many" service model with a focus on providing economies of scale enabling agencies to concentrate on mission critical activities.

B – Budget and Performance by Budget Activity
2.1.1 – Treasury Shared Services Program Resources and Measures

Dollars in Thousands

Resource Level	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Revised Estimate	FY 2023 Estimate
Expenses/Obligations	$235,811	$241,845	$235,515	$284,298	$359,467	$314,318	$326,772
Budget Activity Total	**$235,811**	**$241,845**	**$235,515**	**$284,298**	**$359,247**	**$314,318**	**$326,772**
FTE	**235**	**234**	**225**	**252**	**191**	**269**	**279**

*The FY 2017 - FY 2021 columns represent realized resources for full-time equivalents, reimbursables, and user fees.

Performance Measure	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2021 Target	FY 2022 Target	FY 2023 Target
Average Cost per FTE	N/A	N/A	$1,463.5	$1,719.4	$1,805.7	$1,580.3	$1,710.5	$1,710.5
Annual Effective Spend Rate	N/A	N/A	97%	98%	98%	96%	96%	96%
Customer Satisfaction	N/A	N/A	75%	90%	93%	80%	80%	80%

Treasury Shared Services Programs Budget and Performance
($326,772,000 from offsetting collections):
Treasury Shared Services Programs (TSSP) provides administrative and information technology services on a competitive basis and delivers outstanding customer service. TSSP supports the goals and objectives for the current Treasury Strategic Plan by allowing customers to maximize their operations support resources and the benefit from centralized approaches to program support and administration.

<u>Description of Performance</u>
TSSP measures focus on customer satisfaction and the value proposition of the services provided. The Current TSSP performance measures are:

- Average Cost per FTE
- Annual Effective Spend Rate
- Customer Satisfaction

To provide greater transparency into the value proposition of shared services, the average cost per FTE and annual effective spend rate measures have been identified as measures to demonstrate the value. As agencies budgets shrink, it becomes increasingly important to demonstrate clear insight into the current cost of shared services and to help customers assess the cost efficiency benefits of the shared approach.

The annual effective spend rate provides insight to the financial management and oversight of the TSSP programs. It measures how much of the resources collected from customers are being obligated for service delivery in the fiscal year. This measure captures the efficient use of resources by the service providers. In FY 2021, 98 percent of the funds collected from customers for the shared services was obligated which was above the 96 percent target rate set for the fiscal year. The target will remain at 96 percent for FY 2022 and FY 2023.

In FY 2021, the survey results yielded a 93 percent overall customer satisfaction rating which is up from 80 percent in the prior year for services provided through the TSSP. Strategic partnerships with TSSP governance councils, meeting monthly with Treasury budget directors and the use of the TSSP Roadshows provides expanded customer engagement opportunities to the various stakeholders to better communicate the expected changes to program budgets and the impact to their upcoming service level agreements. This level of transparency has contributed to the higher rating. The target for this measure is set at 80 percent for both FY 2022 and 2023.

2.1.2 – Centralized Treasury Administrative Services Resources and Measures

Dollars in Thousands

Resource Level	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Revised Estimate	FY 2023 Estimate
Expenses/Obligations	NA	NA	$136,565	$122,034	$129,135	$137,351	$160,151
Budget Activity Total	**NA**	**NA**	**$136,565**	**$122,034**	**$129,135**	**$137,351**	**$160,151**
FTE	**NA**	**NA**	**196**	**161**	**156**	**170**	**170**

*The FY 2017 - FY 2021 columns represent realized resources for full-time equivalents, reimbursables, and user fees.

Performance Measure	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2021 Target	FY 2022 Target	FY 2023 Target
Annual Effective Spend Rate	N/A	N/A	98%	94%	98%	96%	96%	96%
Customer Satisfaction	N/A	N/A	75%	75%	83%	80%	80%	80%

Centralized Treasury Administrative Services Budget and Performance
($160,151,000 from offsetting collections):
The Centralized Treasury Administrative Services (CTAS) program provides administrative support to offices within Treasury's Departmental Offices. This support includes administrative functions such as financial management, travel, human resources, information technology, and facilities management.

Description of Performance
FY 2019 was the first year of inclusion CTAS program into the TFF. CTAS has identified the following performance measures:
- Annual Effective Spend Rate
- Customer Satisfaction

In FY 2021, the annual effective spend and customer satisfaction rates were 98 and 83 percent respectively. Each measure result was above the set targets. The targets set for the annual effective spend rate and customer satisfaction measures are mirrored after the TSSP target to maintain consistency in overall financial management of the two shared services providers within Departmental Offices. The targets set in both FY 2022 and 2023 is 96 and 80 percent, for the annual effective spend rate and customer satisfaction measures respectively.

2.1.3 – Administrative Services Resources and Measures

Dollars in Thousands

Resource Level	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Revised Estimate	FY 2023 Estimate
Expenses/Obligations	$157,284	$150,876	$170,184	$220,180	$224,019	$214,159	$211,081
Budget Activity Total	**$157,284**	**$150,876**	**$170,184**	**$220,180**	**$224,019**	**$214,159**	**$211,081**
FTE	**988**	**957**	**988**	**1,152**	**1,183**	**1,258**	**1,245**

*The FY 2017 - FY 2021 columns represent realized resources for full-time equivalents, reimbursables, and user fees.

Performance Measure	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2021 Target	FY 2022 Target	FY 2023 Target
Customer Unmodified Audit Opinions	N/A	1	100%	100%	100%	100%	100%	100%
Percentage of shared services service level agreement performance metrics met or exceeded	N/A	N/A	89%	87%	90%	94%	94%	94%
Customer Satisfaction with ARC Admin Services	N/A	N/A	93%	90%	90%	80%	80%	80%

Administrative Services Budget and Performance

($211,081,000 from offsetting collections):

ARC provides administrative services in the areas of financial management, human resources, procurement, and travel to Federal customers to support core business activities. ARC's services allow agencies to focus on their missions and avoid redundancies within administrative operations, creating cost avoidance across government, including more than $129,600,000 in FY 2021. Using shared services reduces the need for Treasury and other federal agencies to maintain duplicative financial management systems, thereby promoting efficiency and cost savings while enhancing the quality, timeliness, and accuracy of financial management processes. ARC continues to focus on financial innovation, transformation, and improving the customer experience.

Description of Performance:

In FY 2021, ARC continued to receive strong customer satisfaction scores, with 90.4 percent of customers being satisfied with ARC Administrative Services. ARC service lines of Financial Management, Human Resources, and Procurement all improved with their customer satisfaction percentages from 2020 to 2021. Despite recent achievement of over 90 percent, ARC maintains an 80 percent target and continues to focus on a balance of cost and quality, a strategy that has made them a preferred federal provider for over 20 years.

In FY 2021, ARC received an unmodified opinion on franchise operations for the 18th consecutive year and met its performance target of 100 percent of customer unmodified audit opinions (33). By meeting this metric consistently year after year, ARC has been able to help gain public confidence in federal stewardship, operations, and accuracy of information.

In addition, ARC continued to implement innovative solutions that continuously improved mission support services, including implementing (to date) 82 robotic process automation bots in production, resulting in cost avoidance of over $2 million and 13 FTE. In FY 2021, ARC was recognized by the Federal Robotics Process Automation (RPA) Community as a GSA showcase RPA winner and considered a top 5 RPA program within the federal government. Finally, ARC's standard processes and controls enabled delivery of responsive services to Treasury and other agencies to support pandemic response programs under the Coronavirus Aid, Relief, and Economic Security (CARES) Act and the American Rescue Plan (ARP), some within days of authorization. ARC provided support for seven of Treasury's eight ARP programs, conducting application integrity reviews and contacting applicants to finalize more than 10,000 grant applications, providing contact center services, and disbursing nearly $300 billion to program recipients.

In FY 2022 and FY 2023, ARC is committed to Financial Management Quality Service Management Office (FM QSMO) readiness, continued improvements to customer experience, increasing the number of streamlined processes, meeting, or exceeding service level agreement metrics, using technology and automation to reduce manual work and provide increased economies of scale, and continually improving efficiency and effectiveness of its services.

2.1.4 – Information Technology Resources and Measures

Dollars in Thousands

Resource Level	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actuals	FY 2021 Actuals	FY 2022 Revised Estimate	FY 2023 Estimate
Expenses/Obligations	$195,441	$197,009	$179,631	$222,547	$231,156	$215,337	$221,106
Budget Activity Total	**$195,441**	**$197,009**	**$179,631**	**$222,547**	**$231,156**	**$215,337**	**$221,106**
FTE	**493**	**465**	**465**	**504**	**506**	**515**	**515**

*The FY 2017 - FY 2021 columns represent realized resources for full-time equivalents, reimbursables, and user fees.

Performance Measure	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2021 Target	FY 2022 Target	FY 2023 Target
Percentage of IT Portfolio (TFF) Software and Hardware Currency	N/A	N/A	N/A	N/A	B	B	75%	85%
Percentage of On-Premise Target Service Level Agreements Met	N/A	N/A	N/A	N/A	B	B	80%	80%

Information Technology Services Budget and Performance

($221,106,000 from offsetting collections):

ARC IT provides shared services to a multitude of federal customers, delivering value through consolidated IT infrastructures and standardized IT service delivery in a modern, technically innovative, and secure environment. In FY 2023 ARC IT will continue to modernize infrastructure and technology service delivery for our customers (to include cloud adoption), implementing enterprise-scale foundational technology services, and continuing to operationalize IT portfolio management and cybersecurity enhancements and best practices. FY 2023 objectives include supporting the maturity of zero trust architecture, increasing the ability to accommodate changes in volume and demand, improving customer experience, adding new business capabilities, and promoting faster time to market for IT customers.

- Accelerate Cloud Adoption: Modernizing technology service delivery and conducting cloud migration activities continue to be priorities in FY 2023. ARC IT will capitalize on the investments made in prior fiscal years, including the network architecture and Trusted Internet Connection (TIC) modernization effort, the adoption and implementation of multiple cloud hosting environments, and the expansion of an enterprise, scalable Application Programming Interface (API) solution and offerings. As customer applications are migrated to various cloud hosting environments, ARC IT will ensure that additional scrutiny is employed to ensure adherence to Executive Order 14208 and compliance with Zero Trust Architecture requirements. Additionally, modern infrastructure and cloud adoption can meet high availability and disaster recovery requirements more economically while providing the foundation to develop more easily managed microservice applications – to enable faster time to market, proactive security, and smooth innovation. Implementing a modern architecture – one that enables consistency, transparency, performance, security, and cloud-readiness across multiple environments – is necessary to support ongoing and new mission critical efforts while simultaneously reducing the accumulation of technical debt.

- Implement Enterprise-scale Foundational Technology Services: Implementing enterprise-scale foundational technology services will consistently and iteratively secure and operationalize environments across multiple hosting platforms. ARC IT will continue to build on initiatives that utilize services and capabilities that are standardized, portable, reusable, scalable, and resilient through the implementation of agile practices and the increase of automation. Examples of services to be incorporated include incident response, logging/event aggregation, identity and access management, network access, and the public key infrastructure. ARC IT will also continue to evolve and mature our development security, and operations processes, pipeline and automated deployments, maturing the capability to deploy applications, infrastructure changes, patches, and databases with tools and scripts, thereby allowing simple, common tasks to be cloned and shared across multiple applications with little to no additional development or human interaction. This strategy includes use of the cloud and other secure hosted solutions.

- Modernize IT Infrastructure and Transform Mainframe Services: In concert with the acceleration of cloud adoption, ARC IT is modernizing its IT infrastructure from aging, costly platforms – specifically the on-premises mainframe – to a cloud-based architecture. Several of the Department's High Value Assets (HVAs) that support the National Financial Critical Infrastructure (NFCI) are currently hosted on this aging platform and are based on antiquated code. The Mainframe Services Transformation initiative will decommission the mainframe platform by leveraging enterprise solutions (e.g., Enterprise API Solution) and modernized, foundational technology services. This initiative also supports compliance with Executive Order 14208 and the remediation of audit deficiencies. Decommissioning the Mainframe environment will also mitigate substantial contractual costs that are anticipated to continue increasing over time, thereby increasing costs to provide these services to our customers.

- Operationalizing Cybersecurity: Operationalizing optimized cybersecurity – with coordinated and embedded security across a distributed and shared infrastructure – ensures the resiliency to identify, protect, detect, respond, and recover should our systems become compromised. This includes protecting our critical information and systems, supporting compliance with Executive Order 14208, and adhering to the established cybersecurity strategic direction.

Description of Performance:
In FY 2021, ARC IT established a baseline for software and hardware currency with the goal of reducing the use of End of Life (EOL) technology, which in turn further minimizes technical debt and risk for our customers. A key priority related to software/hardware currency is the Mainframe Services Transformation program, which seeks to decommission ARC IT's physical mainframe footprint, including hardware and software, and modernize business applications and services.

At the same time, ARC IT also established a baseline for on-premises target service level agreements (SLA) met. The SLA performance measure is an operational indicator to reflect how well technical teams are performing and closing out the requests and incidents. The target reflects the operational commitment to our customer and allows room for improvement. There are occasions when agreements are breached through no fault of the service provider (ARC-IT). For example, a customer might open a ticket (which starts the clock for open items) and then go on vacation. Another example of a delayed ticket closing is waiting for a vendor to provide software licensing. These types of delays are beyond the control of the service provider and are factored into the Service Level Objectives.

C – Changes in Performance Measures
This year, TFF is working to align budget activities and performance measures to the new objectives in the Treasury FY 2022 – 2026 Strategic Plan. This work will include benchmarking performance and may result in changes to performance measures in the FY 2024 budget.

There are no changes to the TFF performance measures.

Section III – Additional Information

A – Summary of Capital Investments
The TFF's planned investments enhance the capabilities and capacity of our IT and financial management shared services. Investing in service-oriented architecture will allow customers to streamline application connections resulting in benefits that include reducing development time, using industry development best practices for coding efforts, allowing real time processing of transactional data between systems, and independent communication between systems. This effort will also reduce redundancy, providing more flexible and efficient interfaces with customers' third-party applications.

The Administrative Resource Center capital investments are contained within the Fiscal Service capital investment summary. The Treasury Shared Service Programs capital investments are contained within the Departmental Offices capital investment summary. A summary of capital investment resources, including major information technology and non- technology investments can be found at: Summary of Capital Investments | U.S. Department of the Treasury

B – Treasury Franchise Fund Program Costs

This information is provided to fulfill requirements of Section 121 of the FY 2021 Financial Services and General Government appropriations bill.

Treasury Franchise Fund – Treasury Shared Services Programs, FY 2021 Total Charges by Customer

FY 2021 TSSP Customers	Enterprise Business Solutions	Infrastructure Operations	Cyber Security	IT Strategy and Technology Management	Non-Information Technology Services	Grand Total
Administrative Resource Center	1,924,568	5,725,651	30,945	85,117	570,428	8,336,710
Agency for Healthcare Research and Quality					1,626	1,626
Alcohol and Tobacco Tax and Trade Bureau	493,161	880,428	11,192	30,783	443,473	1,859,036
Build America Bureau					16,293	16,293
Bureau of Alcohol, Tobacco, Firearms and Explosives	914,173				62,360	976,533
Bureau of Engraving and Printing	2,554,654	5,760,014	123,262	109,719	1,053,540	9,601,188
Bureau of Labor Statistics					13,682	13,682
Bureau of the Fiscal Service	1,802,836	880,290	136,372	128,139	1,584,549	4,532,186
CARES Act	16,789,325	34,125	427	1,174	574,072	17,399,123
Centers for Medicare and Medicaid Services					130,408	130,408
Centralized Treasury Administrative Services	865,996	1,850,748	3,528	9,705	240,399	2,970,376
Community Development Financial Institutions	247,700	300,269	1,685	4,636	469,065	1,023,355
Consumer Financial Protection Bureau	447,171	4,200			88,480	539,852
Department of Commerce	11,581,072				404,765	11,985,837
Department of Education					539,745	539,745
Department of Energy					3,199	3,199
Department of Health and Human Services Headquarters					11,537	11,537
Department of Homeland Security Headquarters					79,443	79,443
Department of Housing and Urban Development	1,671,944				196,208	1,868,152
Department of Labor	3,107,344				126,310	3,233,654
Department of Labor Office of the Inspector General					5,838	5,838
Drug Enforcement Administration					36,311	36,311
Environmental Protection Agency					159,088	159,088
Exchange Stabilization Fund	693,214	56,197	292	804	1,881,737	2,632,243
Executive Office for Immigration Review					10,995	10,995
Export Import Bank					12,644	12,644
Export Import Bank Office of the Inspector General					1,119	1,119
Federal Communications Commission	47,648				2,041	49,690
Federal Emergency Management Agency					46,684	46,684
Federal Financing Bank	25,871	788,761	337	927	85,968	901,864
Federal Housing Finance Agency					28,683	28,683
Federal Transit Administration					10,535	10,535
Financial Crimes Enforcement Network	180,865	2,357,462	204,923	16,813	363,799	3,123,862
Financial Stability Oversight Council	459,232	262,555	247	680	120,000	842,714
General Services Administration					70,152	70,152
Government Accountability Office	662,647				25,278	687,925
Internal Revenue Service	49,395,549	131,185,582	2,340,093	5,060,662	17,415,997	205,397,882
International Trade Administration					17,967	17,967
Marshals Service					24,974	24,974
Millennium Challenge Corporation					50,013	50,013
Mint	944,077	3,183,944	260,038	97,851	1,247,544	5,733,454
National Archives and Records Administration					21,299	21,299
National Oceanic and Atmospheric Administration					53,477	53,477
National Transportation Safety Board					12,098	12,098
Office of D.C. Pensions	32,666	136,936	449	1,236	73,138	244,426
Office of Financial Research	262,412	4,750,654	2,315	6,367	417,962	5,439,709
Office of Financial Stability	319,379	685,052	315	865	689,601	1,695,212
Office of Government Ethics					2,639	2,639
Office of Management and Budget					45,619	45,619

Treasury Franchise Fund – Treasury Shared Services Programs, FY 2021 Total Charges by Customer (continued)

FY 2021 TSSP Customers	Enterprise Business Solutions	Infrastructure Operations	Cyber Security	IT Strategy and Technology Management	Non-Information Technology Services	Grand Total
Office of Technical Assistance	20,961	113,287	292	804	161,635	296,979
Office of the Comptroller of the Currency	3,422,464	1,881,244	167,834	214,678	1,177,907	6,864,126
Peace Corps	155,005				5,697	160,702
Small Business Administration					33,092	33,092
Small Business Lending Fund Administration	989	10,544	45	124	106,634	118,335
Small State Business Credit Initiative	692,826					692,826
Special Inspector General for Pandemic Recovery	637,635	125,477	1,483	4,080	104,933	873,607
Special Inspector General for the Troubled Asset Relief Program	428,335	686,593	1,685	4,636	153,283	1,274,532
Terrorism and Financial Intelligence	2,501,097	7,182,228	499,250	32,576	761,708	10,976,858
Terrorism Insurance Program	2,107	15,764	22	62	37,740	55,695
Treasury Departmental Offices	17,226,278	6,987,904	278,135	41,786	4,458,990	28,993,093
Treasury Inspector General for Tax Administration	474,616	2,998,903	79,714	45,186	443,165	4,041,583
Treasury Office of Executive Asset Forfeiture	3,564,302	248,064	517	1,422	168,005	3,982,310
Treasury Office of Inspector General	132,605	568,425	3,416	9,396	155,193	869,033
U.S. Agency for International Development	1,066,749				52,079	1,118,828
U.S. Air Force					118,640	118,640
U.S. Citizenship and Immigration Services					37,254	37,254
U.S. Defense Security Cooperation Agency					65,734	65,734
U.S. Immigration and Customs Enforcement					51,896	51,896
United States Secret Service	1,103,825				84,401	1,188,227
Grand Total	**$126,853,300**	**$179,661,298**	**$4,148,814**	**$5,910,225**	**$37,720,763**	**$354,294,401**

Treasury Franchise Fund – Centralized Treasury Administrative Services Programs, FY 2021 Total Charges by Customer

FY 2021 CTAS Customers	Information Technology Services	Treasury Facilities and Operations Serivces	Financial Management Services	Budget and Travel Services	Human Resource Services	Privacy, Transparency and Records Services	Other Administrative Services	Grand Total
Administrative Resource Center	1,114,894							1,114,894
CARES Act	203,831	36,343		355,223	110,352	240,736		946,485
Community Development Financial Institutions	33,623	1,584,127	602,954	76,623	194,098	140,373	103,219	2,735,017
Consumer Financial Protection Bureau		597,262					48,009	645,271
Exchange Stabilization Fund	356,080	43,075		69,161	46,583	71,440		586,339
Federal Financing Bank	2,459,457	892,427		55,257	77,639	56,149	171,632	3,712,561
Financial Crimes Enforcement Network		2,908,149					61,812	2,969,960
Financial Crimes Enforcement Network Economy Act						50,129		50,129
Financial Stability Oversight Council	210,119	268,279		109,686	41,408	29,946	39,007	698,445
Office of D.C. Pensions	476,737	652,131		125,191	54,347	39,305	72,614	1,420,324
Office of Financial Research	25,000	4,591,352		1,499,743	263,973	190,908	285,653	6,856,628
Office of Financial Stability	477,792	1,033,222	242,603	237,890	43,995	31,818	100,219	2,167,539
Office of Technical Assistance	154,344	703,667		2,077,389	31,056	22,460	171,632	3,160,548
Shared Services Programs	6,531,342	6,255,236		5,601,805	662,520	479,141	895,367	20,425,411
Small Business Lending Fund Administration	34,321	258,602	178,312	66,771	5,176	3,743	19,804	566,728
Small State Business Credit Initiative	223,421			7,400				230,821
Special Inspector General for Pandemic Recovery	770,435			89,279	2,588	1,872		864,174
Special Inspector General for the Troubled Asset Relief Program	1,035,107	2,145,262		1,800			142,827	3,324,996
Terrorism and Financial Intelligence	6,641,457	6,388,626	119,508	6,032,292	1,286,221	930,208	1,311,245	22,709,557
Terrorism Insurance Program	56,969	63,063		53,596	12,940	9,358	8,402	204,328
Treasury Departmental Offices	9,590,398	12,540,966	1,099,575	8,880,999	1,752,056	1,267,104	1,938,962	37,070,061
Treasury Office of Executive Asset Forfeiture	944,153	11,450,786		1,291,740	69,875	50,534	621,116	14,428,205
Treasury Office of Inspector General		22,746					1,800	24,546
Grand Total	**$ 31,339,480**	**$ 52,435,321**	**$ 2,242,952**	**$ 26,631,843**	**$ 4,654,827**	**$ 3,615,226**	**$ 5,993,320**	**$126,912,968**

Treasury Franchise Fund – Administrative Resource Center, FY 2021 Total Charges by Customer

FY 2021 ARC Customers	Financial Management Services	FMLoB FEES	Human Resource Services	Procurment Services	Travel Services	Information Technology Services	Total
ACCESS BOARD	276,883		150,798	236,341	28,870		692,892
ADMIN OFFICES OF THE US COURTS	86,263						86,263
ADMINISTRATION FOR CHILDREN AND FAMILIES	182,159						182,159
AFRICAN DEVELOPMENT FOUNDATION	831,649			455,512	44,877		1,332,038
AGENCY FOR INTERNATIONAL DEVELOPMENT		95,819					95,819
AGENCY FOR INTERNATIONAL DEVELOPMENT - OIG	153,672						153,672
ALCOHOL AND TOBACCO TAX AND TRADE BUREAU	885,475		1,252,370	868,627	210,636		3,217,108
ARCHITECT OF THE CAPITOL	260,529						260,529
ARMED FORCES RETIREMENT HOME	1,069,848		1,041,177	1,041,450	15,931		3,168,406
BUREAU OF ENGRAVING AND PRINTING			3,398,684		123,470		3,522,154
BUREAU OF THE FISCAL SERVICE	16,345,329		5,305,196	2,306,976	401,216	161,791,926	186,150,643
CDFI PROGRAM FUND	917,669		203,062	207,588	13,760		1,342,079
CENTER FOR DISEASE CONTROL					2,409,041		2,409,041
CHEMICAL SAFETY AND HAZARD BOARD	311,972			288,652	33,928		634,552
COMPTROLLER OF THE CURRENCY				114,345			114,345
CONSUMER FINANCIAL PROTECTION BUREAU	1,620,698		2,688,281	1,399,936	1,034,670		6,743,585
CONSUMER PRODUCT SAFETY COMMISSION	1,048,973			424,916	123,305		1,597,194
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE	3,013,348		(452,209)	823,136	1,539,164		4,923,439
DC PENSIONS PROJECT OFFICE	2,271,320		45,375	35,935	697	1,570,421	3,923,748
DEFENSE HEALTH AGENCY					72,282		72,282
DEFENSE LOGISTICS AGENCY	739,983						739,983
DENALI COMMISSION	395,130		81,964	68,951	14,481		560,526
DEPARTMENT OF AGRICULTURE		167,510					167,510
DEPARTMENT OF COMMERCE		95,819					95,819
DEPARTMENT OF DEFENSE		187,342					187,342
DEPARTMENT OF EDUCATION		230,616					230,616
DEPARTMENT OF ENERGY	198,269	124,236					322,505
DEPARTMENT OF HEALTH & HUMAN SERVICES		230,616			236,764		467,380
DEPARTMENT OF HOMELAND SECURITY		187,342				1,135,294	1,322,636
DEPARTMENT OF HOMELAND SECURITY - CIS					143,315		143,315
DEPARTMENT OF HOMELAND SECURITY - OIG	804,125		82,682	194,515	330,696		1,412,018
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT	25,804,514	230,616	12,950,969	2,262,103	2,459,497		43,707,699
DEPARTMENT OF JUSTICE	218,610						218,610
DEPARTMENT OF JUSTICE JMD/OCIO/EGSS/BOG		124,236					124,236
DEPARTMENT OF LABOR	320,390	141,399					461,789
DEPARTMENT OF STATE	285,003	95,892					380,895
DEPARTMENT OF THE INTERIOR	580,349	124,236					704,585
DEPARTMENT OF TRANSPORTATION		230,616					230,616
DEPARTMENT OF VETERANS AFFAIRS		158,998					158,998
DEPARTMENT OF VETERANS AFFAIRS - OIG			3,026,167				3,026,167
DEPARTMENT OF VETERANS AFFAIRS - TAC					67,120	673,892	741,012
ELECTION ASSISTANCE COMMISSION	413,669			250,981	65,786		730,436
ENVIRONMENTAL PROTECTION AGENCY		95,819					95,819
EXECUTIVE OFFICE OF THE PRESIDENT	1,534,763			262,150	306,163		2,103,076

Treasury Franchise Fund – Administrative Resource Center, FY 2021 Total Charges by Customer (continued)

FY 2021 ARC Customers	Financial Management Services	FMLoB FEES	Human Resource Services	Procurment Services	Travel Services	Information Technology Services	Total
FARM CREDIT ADMINISTRATION	532,947			72,662	214,672		820,281
FARM CREDIT SYSTEM INSURANCE CORPORATION	229,055			2,402	6,298		237,755
FEDERAL EMERGENCY MANAGEMENT AGENCY	89,380				20,967		110,347
FEDERAL HOUSING FINANCE AGENCY	1,056,868			231,417	231,563		1,519,848
FEDERAL HOUSING FINANCE AGENCY - OIG	333,040		270,748	111,789	76,485		792,062
FEDERAL LABOR RELATIONS AUTHORITY	486,598			22,712	32,931		542,241
FEDERAL MARITIME COMMISSION	437,792			84,004	25,473		547,269
FEDERAL MEDIATION & CONCILIATION SERVICE	584,015			45,455	259,578		889,048
FEDERAL MINE SAFETY AND HEALTH REVIEW COMMISSION	358,008		296,095	14,024	32,504		700,631
FEDERAL TRADE COMMISSION	1,314,579			401,554	251,019		1,967,152
FINANCIAL CRIMES ENFORCEMENT NETWORK	633,567		846,802	881,242	80,871	2,980,222	5,422,704
FOOD AND DRUG ADMINISTRATION					754,007		754,007
GENERAL SERVICE ADMINISTRATION		41,332		1,252,015			1,293,347
GULF COAST ECOSYSTEM RESTORATION COUNCIL	375,244		112,796	41,783	36,665		566,488
INTER AMERICAN FOUNDATION	633,035			416,922	39,526		1,089,483
INTERNAL REVENUE SERVICE					565		565
MERIT SYSTEMS PROTECTION BOARD	432,439			26,565	42,231		501,235
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION	31,670	124,236				532,995	688,901
NATIONAL ARCHIVES & RECORDS ADMINISTRATION	4,086,711		5,982,340	520,393	205,503		10,794,947
NATIONAL CAPTIAL PLANNING COMMISSION	287,533			7,813	8,151		303,497
NATIONAL MEDIATION BOARD	293,735			164,870	46,055		504,660
NATIONAL SCIENCE FOUNDATION		139,094			68,665		207,759
NUCLEAR REGULATORY COMMISSION	1,471,487	41,332			852,606		2,365,425
OCCUPATIONAL SAFETY AND HEALTH REVIEW COMMISSION	286,984			12,491	28,901		328,376
OFFICE OF FINANCIAL STABILITY	210,007		48,279	58,953	2,656		319,895
OFFICE OF GOVERNMENT ETHICS	380,609		254,411	114,510	6,813		756,343
OFFICE OF PERSONNEL MANAGEMENT	11,413,972	41,332					11,455,304
OFFICE OF TECHNICAL ASSISTANCE	844,041		30,561	29,517	114,398		1,018,517
OFFICE OF THE INSPECTOR GENERAL	382,166		476,265	27,082	52,002		937,515
PRIVACY AND CIVIL LIBERTIES OVERSIGHT BOARD	314,833			174,668	2,627		492,128
RAILROAD RETIREMENT BOARD					14,207		14,207
SECURITIES AND EXCHANGE COMMISSION	86,263						86,263
SMALL BUSINESS ADMINISTRATION		67,475					67,475
SOCIAL SECURITY ADMINISTRATION		67,475				752,761	820,236
SPECIAL INSPECTOR GENERAL - PANDEMIC RELIEF	464,492		313,312	262,018	53,001		1,092,823
SPECIAL INSPECTOR GENERAL - TARP	395,581		270,775	147,013	55,131	39,192	907,692
TREASURY DEPARTMENTAL OFFICES	368,640				1,409,998	786,642	2,565,280
TREASURY EXECUTIVE OFFICE FOR ASSET FORFEITURE	1,760,552						1,760,552
TREASURY FRANCHISE FUND/ADMINISTRATIVE SERVICES						15,000,000	15,000,000
TREASURY FRANCHISE FUND/INFORMATION TECHNOLOGY	1,047,510		1,564,884	1,370,404	90,848		4,073,646
TREASURY FRANCHISE FUND/SHARED SERVICES PROGRAM	3,689,883	95,892	4,895,761	1,187,669	654,586	9,633,934	20,157,725
TREASURY INSPECTOR GENERAL FOR TAX ADMINISTRATION	668,238		1,913,573	758,837	365,306		3,705,954

Treasury Franchise Fund – Administrative Resource Center, FY 2021 Total Charges by Customer (continued)

FY 2021 ARC Customers	Financial Management Services	FMLoB FEES	Human Resource Services	Procurment Services	Travel Services	Information Technology Services	Total
TRUST FUND - BLACK LUNG DISABILITY	98,128						98,128
TRUST FUND - FEDERAL DISABILITY	236,517						236,517
TRUST FUND - FEDERAL HOSPITAL INSURANCE	359,329						359,329
TRUST FUND - FEDERAL OLD AGE & SURVIVORS	236,517						236,517
TRUST FUND - FEDERAL SUPPLEMENT INSURANCE	359,329						359,329
TRUST FUND - OIL SPILL LIABILITY	165,000						165,000
TRUST FUND - UNEMPLOYMENT	405,001						405,001
U.S. DEPARTMENT OF COMMERCE OFFICE OF INSPECTOR GENERAL			450,419				450,419
UNITED STATES MARSHALS SERVICE					14,753		14,753
UNITED STATES MINT	9,048,310		4,280,178	2,588,013	266,714		16,183,215
US COURT OF APPEALS FOR VETERANS	340,601			13,151	17,434		371,186
US TAX COURT	393,965			58,755	48,501		501,221
USDA FOOD AND NUTRITION						934,600	934,600
USDA OCIO INTERNATIONAL TECHNOLOGY SERVICES			2,410,357				2,410,357
USDA OFFICE OF INSPECTOR GENERAL			56,912				56,912
Grand Total	**$108,194,763**	**$3,139,280**	**$54,248,984**	**$22,342,817**	**$16,159,880**	**$195,831,879**	**$399,917,602**

Department of the Treasury
Treasury Executive Office of Asset Forfeiture

Congressional Budget Justification and Annual Performance Report and Plan

FY 2023

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Section I – Purpose

A – Mission Statement

To affirmatively influence the consistent and strategic use of asset forfeiture by law enforcement bureaus that participate in the Treasury Forfeiture Fund (TFF or the Fund) to disrupt and dismantle criminal enterprises.

B – Summary of the Request

The Treasury Executive Office for Asset Forfeiture (TEOAF) administers the Fund, which is the receipt account for deposit of non-tax forfeitures made pursuant to laws enforced or administered by participating Treasury and Department of Homeland Security (DHS) bureaus. Principal revenue-producing bureaus include U.S. Customs and Border Protection (CBP), U.S. Immigration and Customs Enforcement (ICE), the Internal Revenue Service (IRS), the U.S. Secret Service (USSS), the U.S. Coast Guard (USCG), and Alcohol and Tobacco Tax and Trade Bureau (TTB), among others. The Fund is a special fund, defined as a Federal fund account for receipts earmarked for specific purposes and the expenditure of those receipts. The law (31 U.S.C. 9705) allows TEOAF to use the funds for payment of all proper expenses of seizure or the proceedings of forfeiture and sale.

Revenues deposited in the Fund can be allocated and used as the result of a permanent indefinite appropriation provided by Congress. A forfeiture process begins once currency or property is seized. Seized currency is deposited into a suspense account (holding account) until forfeited. At that time, the forfeited amount is transferred-in (deposited) to the Fund as revenue. Forfeited properties are usually sold, and the proceeds are also transferred-in into the Fund as revenue. This revenue represents budget authority for meeting obligations and expenses of the program.

Expenses of the Fund are set in a relative priority so that operating costs are met first and may not exceed revenues.

- **Mandatory** expenses represent operating costs of the Fund, including storing and maintaining seized and forfeited assets, valid liens and mortgages, investigative expenses incurred in pursuing a seizure, information and inventory systems, remissions, victim restoration, and certain costs of local police agencies incurred in joint law enforcement operations. Following forfeiture, equitable shares may be paid to state and local law enforcement agencies that contributed to the seizure activity at a level proportionate to their involvement.
- **Secretary's Enforcement Fund (SEF)** expenses are funded from revenue from equitable shares received from Department of Justice (DOJ) or U.S. Postal Service (USPS) forfeitures. These shares are proportionate to Treasury's participation in the overall investigative effort that led to a DOJ or USPS forfeiture. SEF revenue is available for Federal law enforcement-related purposes of any bureau participating in the Fund.
- **Strategic Support** allows TEOAF to fund priority Federal law enforcement initiatives with remaining unobligated balances at the close of the fiscal year, after an amount is reserved for the next fiscal year's operations.

FY 2021-2022 Case Highlights: The following case highlights are intended to provide examples of the types of investigative cases worked by the Fund's law enforcement bureaus during

FY 2021-2022 that resulted in the seizure and forfeiture of assets. Such cases, as those profiled below, are consistent with the strategic mission and vision of the Fund, which seeks to use high-impact asset forfeiture in investigative cases to disrupt and dismantle criminal enterprises.

- **Leader of Complex International Fraud and Money Laundering Ring Sentenced to 14 Years in Prison and Ordered to Pay Restitution in the Amount of $14.5 million**

  The leader of an international fraud and money laundering ring was sentenced in January 2022 to 14 years in federal prison for conspiracy to commit money laundering. The Court ordered the defendant to forfeit various assets and, as part of their sentence, entered a $1.5 million money judgement. In addition, the Court ordered the defendant to pay restitution to victims in the amount of $14.5 million.

  The defendant contracted with international "boiler rooms" to launder fraud proceeds obtained from foreign victims, primarily by selling worthless investments. They employed a mass-marketing scam to defraud victims who believed that they were investing in regulated financial products, particularly shares of stocks. The defendant operated a network of funnel accounts in the U.S. in the names of shell companies into which the victims were instructed to send their money. Most of the victims were in Australia, New Zealand, the U.K., and countries in Asia. The defendant was arrested in Belgrade, Serbia pursuant to an INTERPOL Red Notice issued by the U.S. Department of Justice and extradited to Tampa in April 2019. The investigation was conducted by Homeland Security Investigations and IRS Criminal Investigation.

- **Joint Case Leads to a Shutdown of an Illegal Bitcoin ATM Network Involved in Laundering Millions of Dollars in Bitcoin and Cash**

  Herocoin, an illicit virtual-currency money service business, was advertised online as a Bitcoin (BTC) cash exchange service of up to $25,000. The owner and operator of Herocoin, a former bank employee familiar with compliance matters, deliberately failed to register his money service business with FinCEN. The owner exchanged currency with their customers in-person and operated a series of purchased BTC ATM kiosks, located in malls, convenience stores and gas stations throughout Los Angeles. The owner did not conduct any due diligence and was aware that funds he accepted for exchange came from illicit sources. The owner registered Herocoin in 2018, only after being contacted by FinCEN, but still failed to exercise due diligence, file suspicious activity and currency transaction reports, or develop an anti-money laundering program. As a part of their plea agreement, the owner agreed to forfeit cash, cryptocurrency, and seventeen BTC ATMs. On May 28, 2021, he was sentenced to 24 months of imprisonment. The case was investigated by Homeland Security Investigations (HSI), IRS Criminal Investigations, and the Los Angeles County Sheriff's Department.

- **Kidnapping Suspects Indicted; Ransom Money Returned to Victim**

  Two subjects entered a residence rented by an elderly man and terrorized their victim for several hours, extorting him out of his truck, guns, and other possessions. They subsequently kidnapped the man and held him at their residence for over eight hours, forcing him to wire $250,000 to one of the subject's bank accounts. After the money was deposited, the kidnappers released the victim and threatened to kill his family if he called the police. Despite the threats, he called the police, and USSS agents, along with the FBI, were able to track the subjects down using GPS. The USSS seized subject's bank account and in June 2021, returned the $250,000 to the victim, along with his other recovered possessions. They were charged with kidnapping, wire fraud, and bank fraud.

COVID 19 Related Case Highlights:

- **Homeland Security Investigations (HSI) Operation Stolen Promise Targets CounterfeitVaccines and Treatments for COVID-19**
  Since April 2020, ICE's HSI Cyber Crimes Center (C3), Intellectual Property Rights (IPR) Center and HSI Office of Intelligence representatives have been successfully targeting online fraud schemes and the sale of illicit COVID 19 vaccines and treatments using illicit websites and dark net marketplaces. As of January 26, 2022, HSI Special Agents have initiated 1,426 criminal investigations, made 421 arrests, secured 192 indictments, and 58 convictions in addition to executing 449 search warrants and seizing nearly $59 million related to COVID-19 fraud. Case highlights include:
  - In January 2022, HSI Boston reported the guilty plea of two targets for wire fraud and false statements in preparation of fraudulent CARES Act documents used to obtain approximately $30,000. The funds were used to operate illicit massage businesses that offered sex services.
  - On December 20, 2021, HSI Detroit reported the seizure of approximately $350,000 in a case involving the U.S. Small Business Administration (SBA) Economic Injury Disaster Loans fraud. On the same date, HSI Detroit seized a bank account linked to the subject worth $350,000.
  - On May 7, 2021, HSI Los Angeles reported the arrest of a U.S. citizen for Paycheck Protection Program (PPP) fraud. From May-December 2020, the subject submitted four PPP loan applications worth over $5 million. HSI seized three luxury vehicles valued over $700,000 purchased with fraudulent PPP loan money and a bank account containing over $2 million dollars.
  - In April 2021, HSI Portland, OR executed a federal search warrant at a business in Eugene, OR resulting in the seizure of 537,000 counterfeit 3M masks.
  - In February 2021, HSI Portland, ME, initiated an investigation of counterfeit 3M masks that were sold to the State of Maine for health care providers, first responders, and teachers. Approximately 2,175,000 counterfeit N95 masks were sold for approximately $6.4 million dollars. HSI seized $3,616,082 and 2,082,907 counterfeit 3M masks.
  - In February 2021, HSI Los Angeles seized approximately 9.4 million counterfeit 3M masks at a logistics facility, some of which were destined for the Federal Emergency Management Agency.
- **USSS Response to COVID-19 Related Fraud**
  Since mid-2020, US Secret Service offices nationwide have been investigating rampant fraud related to the SBA loans. The USSS has developed tactics for responding to this emerging criminal trend and identified several avenues for recovering the funds through administrative forfeiture. This effort has been extremely successful, resulting in 1,493 seizures totaling $1.257 Billion recovered from fraudulently obtained COVID Relief loans.
  - **USSS Tallahassee PPP and EIDL Fraud Investigation Resulted in Forfeiture of $7.8 million**
    USSS Tallahassee investigated fraudulent PPP and Economic Injury Disaster Loan (EIDL) applications that were submitted online through the SBA website, utilizing fabricated employment information and/or stolen individual and corporate PII. The applications directed funds to numerous "money mule" accounts. USSS Tallahassee Office seized funds from numerous Charles Schwab Brokerage Accounts in various names. The funds were forfeited on September 15, 2021. SBA and others defrauded entities have filed petitions for remission for the forfeited funds.

- **USSS Baltimore Successes in COVID-19 Related Fraud Investigations**
  USSS Baltimore has seized over $8 Million in fraud cases involving COVID Relief Funds. One of the recent cases targeted a subject who had falsified IRS Tax Documents for the purpose of receiving a large PPP Loan. M&T Bank notified the USSS of the fraud scheme and assisted agents in the investigation. On December 22, 2021, USSS Baltimore obtained a seizure warrant for $1,295,000 from account(s) controlled by the subject. A criminal complaint and arrest(s) are forthcoming. SBA will file a petition for remission for the forfeited funds.
- **22 Defendants Charged and 6 Pleaded Guilty in Connection with $11.1 Million PPP Fraud**
  Twenty-two individuals have been charged in connection with a fraudulent scheme to obtain approximately $11.1 million in PPP loans to purchase luxury vehicles, jewelry, and other personal items. Six individuals, including the scheme's ringleader, pleaded guilty. The leader pleaded guilty on June 16, 2021, to one count of conspiracy to commit bank fraud and wire fraud and one count of money laundering. As part of his plea, the defendant admitted their participation in fraudulent conduct totaling more than $14.7 million, including more than $11.1 million in fraudulent PPP loans, more than $1.15 million in fraudulent Economic Injury Disaster Loans, and more than $2.4 million in fraudulent automobile loans. They also agreed to forfeit assets, including more than $2.1 million in seized funds, three luxury vehicles, and jewelry. The investigation has been conducted by the FBI, IRS Criminal Investigation, the U.S. Treasury Inspector General for Tax Administration, and the SBA-Office of the Inspector General.
- **CBP Port Entry Inspections Prevent Fraudulent COVID-19 Tests and Counterfeit Products from Entering the U.S.**
  On January 15, 2021, during a regular inspection at the Seattle Port of Entry, CBP officers opened a box labeled "Doorbell", but discovered COVID-19 Rapid Test Kits. Further investigation determined that the entire shipment of ten boxes containing 5002 test kits were non-FDA compliant. The value of the test kits was $95,038. The officers determined that the manufacturer listed the kits as "Test that should no longer be used". Additionally, CBP officers at the El Paso Port of Entry found and seized 139 boxes of counterfeit 3M masks manufactured in Peru and shipped to the U.S. via Hong Kong. As of September 2021, the Treasury forfeiture program has over 13 million counterfeit masks in its warehouses.

Priorities: In FY 2023, TEOAF will continue to support the investigations and activities of the participating law enforcement bureaus. The bulk of TEOAF expenses include supporting seizures, forfeitures, and the funds are used to cover the costs of activities associated with seizures including storage, maintenance, disposition, and destruction of seized property.

TEOAF focuses on supporting investigations and activities that meet the mission of disrupting and dismantling criminal enterprises. To this end, TEOAF prioritizes major case[1] initiatives when allocating funding to member agencies, including the purchase of evidence and information, joint operations expenses, investigative expenses leading to seizure, as well as software tools used for computer forensics, analysis of financial data, and tracing cryptocurrency transactions. Major case initiatives are aligned directly to the National Money Laundering and Southwest Border strategies.

[1] A major case refers to a case where the forfeiture results in a deposit greater than $5 million, or a case that disrupts or dismantles money laundering networks or other financial activities that threaten the financial stability, financial system, or financial interests of the UnitedStates.

Often, the assets identified in these investigations are proceeds of fraud schemes with multiple victims. TEOAF allocates significant resources to ensure that such investigations are adequately funded to yield successful prosecutions and forfeitures. The resulting forfeiture deposits are used to compensate the victims defrauded by the violators.

One of TEOAF's highest immediate priorities now is supporting TFF participating law enforcement agencies' response to COVID-19 related crimes. Our agencies are facing formidable challenges dealing with massive COVID-19 related fraud schemes, the use of stolen PII in such schemes, and the sales of counterfeit vaccines, masks, and COVID treatments online and via Darknet marketplaces.

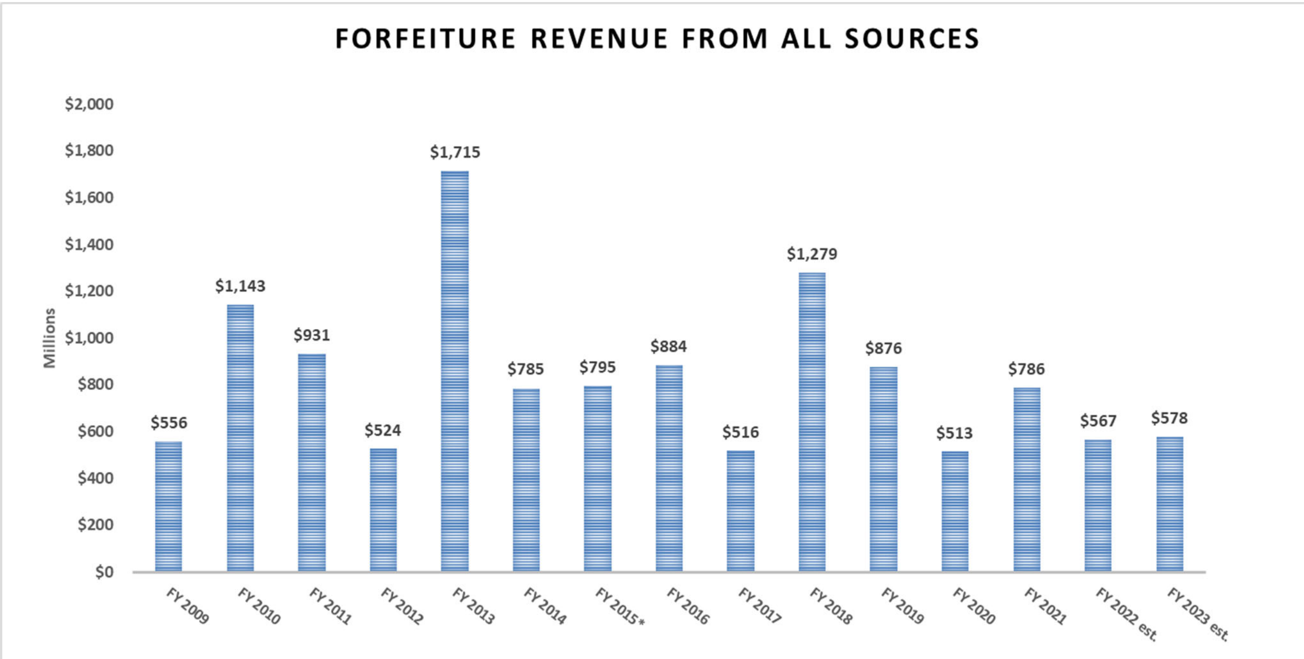
From the start of the pandemic, TEOAF has made it a priority to support our agencies' efforts aimed at intercepting, disrupting and dismantling multi-million-dollar COVID fraud schemes and returning the money to the victims. It will remain a TEOAF high priority in FY 2022-2023, as the number of COVID-19 crimes and investigations associated with them is still growing.

The most notable financial investigations conducted by the TFF agencies involve professional money launderers who utilize highly sophisticated money laundering methods, global trade and finance, and emerging technologies such as cryptocurrencies. They launder illicit funds derived from many criminal violations, including drug trafficking, human smuggling and COVID-19 fraud. This type of investigation requires extraordinary law enforcement efforts, manpower, and resources. TEOAF prioritizes the support of such investigations, including their ongoing operation's needs and cutting-edge technology capabilities required for big data analytics, dark net investigations, block chain analysis, and mobile forensics necessary for these operations. These investments buttress the anti-money laundering and countering the financing of terrorism (AML/CFT) strategy of DHS and Treasury and alleviate uncertainty about funding availability for investigations and forfeitures.

Challenges: Managing an inconsistent revenue stream to meet the burgeoning investigative needs of the agencies, particularly software and analytical tools necessary to pursue criminal activity that is increasingly cyber based. A funding mix involving all funding authorities (Mandatory, SEF and Strategic Support) is essential to avoid uncertainty about future funding for financial investigations and forfeitures.

Many investigations require analytical and cyber-investigative tools and services that are currently not available or are insufficient. Additional datasets and analytical tools specific to COVID-19 investigations must be acquired and maintained. These critical datasets include PPP loans and EIDL applications, Advanced Payment of Employer Credits due to COVID-19, and Economic Impact Payments (EIP) disbursement.

The table below reflects forfeiture revenue from all sources including direct revenue, reverse asset sharing, and interest earned.



FY 2015 data does not include the BNP Paribas S.A. forfeiture in the amount of $3,839 million. Of that amount, $3,800 million was permanently rescinded under the Consolidated Appropriations Act of 2016, Pub. L. 114-113, Div. O, Tit. IV, §404(e)and §405(b). The remainder was returned to the General Fund in FY 2018.

For operational support of TFF agencies' investigations, both Mandatory and SEF are critical funding sources. The Mandatory funding supports investigative expenses only for seizure cases, but the vast majority of seizure cases do not initially start as financial cases. Most seizure cases grow out of other cases pursuing specified unlawful activities such as drug trafficking, human smuggling, or cybercrime, which are all dependent on SEF funding for operational support. The nature of revenue and expenses for both Mandatory and SEF funding is equally dynamic, requiring adjustments during the fiscal year.

In addition, TEOAF tracks future remission payments to third parties as contingent liabilities. However, these amounts are not recorded as Fund obligations until the Department of Justice grants the petition for remission. The third parties are predominantly victims of crimes that triggered the forfeiture (e.g., Ponzi scheme victims). Amounts recorded are significant because remission payments from multiple years are recorded and carried forward. The amounts change constantly as payments are made and amounts for new remission cases are added. TEOAF considers the amounts recorded as contingent liabilities as unavailable and consideration of contingent liabilities provides a more accurate representation of the Fund's financial position.

1.1 – Resource Detail Table

Dollars in Thousands

Treasury Forfeiture Fund Budgetary Resources	FY 2021 Actual		FY 2022 Revised Estimate		FY 2023 Estimate		FY 2022 to FY 2023 $ Change		FY 2022 to FY 2023 % Change	
	FTE *	**AMOUNT**	**FTE***	**AMOUNT**	**FTE***	**AMOUNT**	**FTE***	**AMOUNT**	**FTE***	**AMOUNT**
Revenue/Offsetting Collections										
Interest		$1,558		$5,000		$5,000		$0	NA	0.00%
Restored Prior Year Sequestration Reduction		$30,294		$44,774		$32,327		($12,447)	NA	-27.80%
Forfeited Revenue		$783,957		$562,136		$573,379		$11,243	NA	2.00%
Recovery from Prior Years Unpaid		$33,811		$12,000		$12,000		$0	NA	0.00%
Recovery from Prior Years Paid		$455,447		$0		$0		$0	NA	NA
Unobligated Balances from Prior Years		$691,454		$877,271		$808,223		($69,048)	NA	-7.87%
Total Revenue/Offsetting Collections		**$1,996,521**		**$1,501,181**		**$1,430,929**	**0**	**($70,252)**	**NA**	**-4.68%**
Expenses/Obligations										
Mandatory Obligations	27	($624,275)	27	($453,000)	27	($462,060)	0	($9,060)	0.00%	2.00%
Secretary's Enforcement		($14,670)		($35,000)		($35,000)		$0	NA	0.00%
Strategic Support		($360,531)		($97,631)		($100,000)		($2,369)	NA	2.43%
Total Expenses/Obligations	**27**	**($999,476)**	**27**	**($585,631)**	**27**	**($597,060)**	**0**	**($11,429)**	0.00%	1.95%
Rescissions/Cancellations										
Sequestration Reduction		($44,774)		($32,327)		($32,968)		($641)	NA	1.98%
Permanent Cancellation **		($75,000)		($75,000)		$0		$75,000	NA	-100.00%
Total Rescission/Cancellations		**($119,774)**		**($107,327)**		**($32,968)**		**$74,359**	**NA**	**-69.28%**
Net Results	**27**	**$877,271**	**27**	**$808,223**	**27**	**$800,901**	**0**	**($7,322)**	**0.00%**	**-0.91%**
Contingent Liabilities		**($590,714)**		**($550,000)**		**($550,000)**		**$0**	NA	0%

* The Treasury Forfeiture Fund is staffed by Departmental Offices employees and positions are funded via reimbursable agreement. The FTE are shown here for clarity, but are also reflected in the Departmental Offices chapter in the reimbursable FTE total.

** Due to the timing of FY 2023 budget preparation, the rescission amount for FY 2022 does not reflect the $175 million rescission included in the FY 2022 enacted appropriation (P.L. 117-103).

1.2 – Obligations Detail Table

Dollars in Thousands

Treasury Forfeiture Fund Obligations	FY 2021 Actual	FY 2022 Revised Estimate	FY 2023 Estimate
Mandatory *			
CBP	$58,594	$52,775	$53,830
ICE	$197,826	$119,275	$121,660
IRS	$150,602	$117,780	$120,136
USSS	$81,916	$41,450	$42,278
USCG	$1,400	$1,268	$1,294
TEOAF/DO	$96,577	$85,844	$87,560
TTB	$567	$951	$970
DOJ/AFMS	$18,793	$17,486	$17,836
DOJ/CID	$18,000	$16,172	$16,496
Total Mandatory	$624,275	$453,000	$462,060
SEF			
CBP	$1,200	$4,400	$4,400
ICE	$6,883	$12,123	$12,123
IRS	$4,257	$12,001	$12,001
USSS	$1,980	$6,126	$6,126
TTB	$350	$350	$350
Total SEF	$14,670	$35,000	$35,000
Strategic Support **			
CBP	$289,759	$13,933	TBD
ICE	$35,016	$22,946	TBD
IRS	$17,341	$22,335	TBD
USSS	$5,938	$7,444	TBD
USCG	$5,012	$7,635	TBD
TTB	$737	$838	TBD
FINCEN	$6,728	$22,500	TBD
Total Strategic Support	$360,531	$97,631	$100,000
Total Expenses/Obligations	**$999,476**	**$585,631**	**$597,060**

* These amounts represent all operating expenses (i.e., Refunds, Asset Shares, etc.) including Reimbursables.

** FY 2022 and 2023 Strategic Support shows preliminary allocations subject to change in the policy process.

1.3 – Object Classifications Obligations (Schedule O)

Dollars in Thousands

Treasury Forfeiture Fund Object Classification	FY 2021 Actual	FY 2022 Revised Estimate	FY 2023 Estimate
25.2 - Other services from non-Federal sources	67,000	15,935	15,165
25.3 - Other goods and services from Federal sources	232,999	294,806	301,754
26.0 - Supplies and materials	1	1	1
41.0 - Grants, subsidies, and contributions	132,000	158,113	160,550
43.0 - Interest and dividends	311	176	179
44.0 - Refunds	191,689	88,141	89,499
94.0 - Financial Transfers	375,476	28,459	29,912
Total Non-Personnel	**$999,476**	**$585,631**	**$597,060**
Total Budgetary Resources	**$999,476**	**$585,631**	**$597,060**
Full- time Equivalents (FTE) *	**27**	**27**	**27**

* The Treasury Forfeiture Fund is staffed by Departmental Offices employees and positions are funded via reimbursable agreement. The FTE are shown here for clarity, but are also reflected in the Departmental Offices chapter in the reimbursable FTE total.

E – Legislative Proposals
TEOAF has no legislative proposals.

Section II – Annual Performance Plan and Report

A – Strategic Alignment
This year, Treasury Forfeiture Fund is working to align budget activities and performance measures to the new objectives in the Treasury FY 2022 – 2026 Strategic Plan. This work will include benchmarking performance and may result in changes to performance measures in the FY 2024 budget.

The purpose of the Fund is to ensure resources are managed to cover the costs of an effectiveasset seizure and forfeiture program, including the costs of seizure or the proceedings of forfeiture and sale, including the expenses of detention, inventory, security, maintenance, advertisement, or disposal of the property. Additionally, the Fund is used to support law enforcement priorities, financial investigative capabilities, and the seizure of physical and financial resources to disrupt and dismantle criminal enterprises.

B – Budget and Performance by Budget Activity
2.1.1 Treasury Forfeiture Fund Resources and Measures
Dollars in Thousands

Resource Level Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Revised Estimated	FY 2023 Estimated
Expenses/Obligations	$526,228	$1,007,426	$1,022,684	$488,041	$999,476	$585,631	$597,060
Budget Activity Total	**$526,228**	**$1,007,426**	**$1,022,684**	**$488,041**	**$999,476**	**$585,631**	**$597,060**
FTE	**25**	**25**	**25**	**26**	**27**	**27**	**27**

Measures	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Target	FY 2023 Target
Percent of Forfeited Cash Proceeds Resulting from High-Impact Cases	80	94.19	90.8	82.87	89.65	80	80

Treasury Forfeiture Fund Budget and Performance
($597,060,000 in obligations from revenue/offsetting collections):
The Fund continues to measure the performance of the participating law enforcement bureausthrough the percent of forfeited cash proceeds resulting from high-impact cases, which are cases that yield a cash forfeiture deposit equal to or greater than $100,000.

The high-impact cases are cases that pursue major criminal targets and their financial networks, and therefore, central to disrupting and dismantling criminal enterprises. At the same time, these cases are heavily dependent on TEOAF's funding due to their high operational costs and relianceon sophisticated technologies and analytical tools that are not adequately covered by the appropriated funds. The dominant share of high-impact forfeitures reflects TEOAF's effectiveness in supporting such major investigations.

While the specific numbers shown in the chart fluctuate due to the unusually big forfeitures, the consistently dominant (80 percent or more) share of major forfeitures year after year demonstrates

TEOAF's consistent commitment to supporting high-impact cases. Member law enforcement bureaus participating in the Fund have met or exceeded the performance target since FY 2014.

For FY 2022 and FY 2023, the target will remain at 80 percent. The Fund maintains a target of80 percent because some cases may be important to pursue, even if they are not high-impact cases and result in deposits of less than $100,000.

Section III – Additional Information

A – Summary of Capital Investments

A summary of capital investments, including major information technology and non-technologyinvestments, can be accessed at: https://www.treasury.gov/about/budget-performance/Pages/summary-of-capitalinvestments.aspx.

Department of the Treasury
Bureau of Engraving and Printing

Congressional Budget Justification and Annual Performance Plan and Report

FY 2023

Table of Contents

Section I – Budget Request

A – Mission Statement
To develop and produce United States currency notes trusted worldwide.

B – Summary of the Request
The Bureau of Engraving and Printing (BEP) produces and delivers U.S. currency notes for the Federal Reserve System ordered by the Board of Governors of the Federal Reserve (FRB) and other security products for the Federal Government. BEP began printing currency in 1862 and operates on the basis of authority conferred upon the Secretary of the Treasury by 31 U.S.C. 321(a)(4) to engrave and print currency and other security documents. Operations are financed through a revolving fund established in 1950 in accordance with Public Law 81-656. The fund is reimbursed for direct and indirect costs of operations, including administrative expenses, through product sales. In 1977, Public Law 95-81 authorized BEP to include an amount sufficient to fund capital investment and to meet working capital requirements in the prices charged for products, eliminating the need for annual discretionary appropriations. BEP provides technical assistance, advice, and some production services to other federal agencies in the development of security documents requiring counterfeit deterrent features due to their innate value or other characteristics. Other activities at BEP include engraving plates and dies; manufacturing inks used to print security products; purchasing materials, supplies, and equipment; and storing and delivering products in accordance with customer requirements. BEP supports Treasury's Strategic Goal 2: Enhance National Security, Goal 3: Financial Systems Vulnerabilities, Goal 4: Combat Climate Change, and Goal 5: Modernize Treasury Operations.

BEP's FY 2023 President's Budget request funds the following projects:

1. Washington, DC Replacement Facility: In FY 2019, BEP received legislative authority to acquire land and fund construction of a more efficient production facility to replace BEP's current aging Washington, D.C. facility. Additionally, a provision in the Agriculture Improvement Act of 2018 (P.L. 115-334) authorized the transfer of a U.S. Department of Agriculture (USDA) land parcel in Beltsville, Maryland to the Department of the Treasury to be the site for BEP's replacement production facility. The property transfer Memorandum of Agreement between USDA and Treasury was finalized in early 2020. The formal transfer of administrative control from USDA to Treasury is expected to occur in 2022. The FY 2023 current estimate includes $12M in base funding and $885M in increase funding for a total of $897M for the next phase of the replacement facility project which was originally planned for FY 2022. In 2021, BEP began early site development construction activities estimated at $33 million to include the removal of hazardous building materials, demolition of twenty-two former agriculture research buildings and minor utility system relocations to support the BEP development. BEP's final environmental impact statement was issued in FY 2021. A replacement facility will save an estimated $579 million over 10 years, as compared to the cost of the renovation of the existing facility. In addition, BEP will reduce its annual operating costs by at least $38 million through production, material handling, and other operational/support efficiencies.

2. Western Currency Facility Expansion: BEP began expanding the Western Currency Facility (WCF) in FY 2018 to house and support the new equipment required for the next generation of currency design. Producing the next family of updated notes requires that BEP purchase and install new production equipment to support the new designs. The expansion will provide the space and infrastructure necessary to successfully meet the production requirements of the next family of U.S. currency banknotes that focus on the integration of strong new security features. The expansion work continued though FY 2022. BEP anticipates additional costs related to contract overhead and material price escalation in FY 2023. The project completion date has been extended to FY 2023 mainly due to unforeseen site conditions, electrical issues, and weather delays.

3. Banknote Design and Development: In FY 2023, BEP will continue to work on this multi-year project with the Federal Government's Advanced Counterfeit Deterrent (ACD) Steering Committee to develop improved security features for the next family of updated notes. The ACD Committee is an inter-agency group established to monitor and explore existing and emerging technologies to deter counterfeiting and a raised tactile feature to provide meaningful access to blind and visually impaired individuals. The committee includes representatives from BEP, the Department of the Treasury, the U.S. Secret Service, and the FRB. The updated notes will focus on innovative banknote security and anti-counterfeit technology that will enhance and ensure the security and integrity of U.S. currency. While many factors are taken into consideration when updating currency, the primary purpose for updating notes is to improve the security of U.S. banknotes and ensure they maintain their position as being trusted worldwide. The current note release sequence is as follows: $10, $50, $20, $5, $100.

4. Retooling: BEP is conducting a multi-year effort to retool its manufacturing processes with state-of-the-art intaglio printing presses, electronic inspection systems, and finishing equipment. To ensure that BEP will meet the FRB's annual currency order, the FRB and BEP developed short, medium, and long-term strategic equipment replacement plans for the U.S. Currency Program. Successful implementation of advanced technology improves productivity, reduces environmental impact and enhances counterfeit deterrence of U.S. currency notes. In FYs 2022 and 2023, the major retooling initiatives include:

- Continuation of the upgrade and complete automation of the $100 finishing line to integrate Single Note Inspection technology. The capability to inspect single notes provides a significant improvement over BEP's traditional sheet inspection process. Spoilage will be reduced significantly, and processing efficiency will increase resulting in cost savings.
- Replace obsolete electrical and mechanical parts on existing presses and upgrade the inspection system to meet present and future currency printing requirements, as well as to extend the life of electrical and mechanical systems in the existing machinery.
- The LEPE Inspection and Electrical Upgrades project is to make improvements to the existing system in operation to bring them up to the new capabilities that are included on the next generation LEPE system mentioned above.

5. Human Capital/Talent Management:

The BEP will continue with its FY 2022 strategic initiatives into FY 2023 by updating its hiring and recruiting plan to ensure the bureau accomplishes talent management initiatives, while filling personnel gaps in needed mission critical occupations. Throughout FY 2021, the BEP continued to fill gaps in both STEM and cybersecurity positions by utilizing a variety of hiring authorities and participating in four virtual fairs that specifically targeted STEM positions in the federal government. Additionally, the BEP attended 12 virtual and two in-person recruitment events in the Washington D.C. and Dallas/Ft. Worth locations to attract potential candidates in targeted demographic and underrepresented areas. STEM positions will continue to be highlighted in FY 2023 by the remaining targeted fields/occupations in our annual Recruitment, Hiring, and Outreach Plan and by our continued participation in upcoming recruitment events/career fairs that highlight our STEM and mission critical occupations. In FY 2021 the BEP hired 33 new hires in the STEM field; and in the first quarter of FY 2022, three STEM positions have been filled. In addition, BEP hired 25 employees in identified mission critical occupations.

Throughout FY 2022, BEP continues its efforts focusing on employee engagement by educating the workforce on important topics such as: increasing employee satisfaction; building and sustaining high trust and accountability; improving interpersonal and cross-functional communications; improving employee appreciation; and strengthening meaningful connections. Additionally, BEP's Office of Human Resources is assisting with developing Employee Engagement action plans promoting increased innovativeness, collaboration, and diversity in thought.

In FY 2023, BEP will continue its focus on employee engagement by educating the workforce on important engagement topics, reevaluating the current Engagement Strategy, recruiting new volunteers to implement the engagement initiatives, and promote direct communications with BEP executive leadership reinforcing their voices are heard.

1.1 – Resources Detail Table

Dollars in Thousands

Budgetary Resources	FY 2021 Actual		FY 2022 Revised Estimate		FY 2023 Estimate		FY 2022 to FY 2023 % Change	
	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT
Revenue/Offsetting Collections								
Currency Program	1,829	$1,212,649	1,860	$1,066,911	1,860	$1,139,803	0.00%	6.56%
Other Programs	0	2,207	0	3,000	0	3,000	NA	0.00%
DC Replacement Facility	3	33,875	3	11,769	3	897,048	0.00%	7522.13%
Total Revenue/Offsetting Collections	**1,832**	**$1,248,731**	**1,863**	**$1,081,680**	**1,863**	**$2,039,851**	**0.00%**	**88.58%**
Obligations								
Manufacturing								
Direct Manufacturing	861	571,892	876	508,996	876	531,984	0.00%	4.52%
Indirect Manufacturing Support	968	642,964	984	560,915	984	610,819	0.00%	8.90%
DC Replacement Facility	3	33,875	3	11,769	3	897,048	0.00%	7522.13%
Total Expenses/Obligations	**1,832**	**$1,248,731**	**1,863**	**$1,081,680**	**1,863**	**$2,039,851**	**0.00%**	**88.58%**
Net Results	**0**	**0**	**0**	**0**	**0**	**0**	**NA**	**NA**

1.2 – Budget Adjustments Table

Dollars in Thousands

	FTE	Materials	Operating & Capital	Total
FY 2022 Original Estimate	**1,863**	**$374,278**	**$1,569,975**	**$1,944,253**
Program Changes				
Program Decreases:	0	(42,413)	(886,494)	(928,907)
Currency Program	0	(42,413)	0	(42,413)
Decrease in Travel	0	0	(1,215)	(1,215)
Washington D.C. Replacement Facility	0	0	(885,279)	(885,279)
Program Increases:	0	0	66,334	66,334
Additional overtime required to meet YCO	0	0	7,500	7,500
Service Contracts	0	0	53,584	53,584
WCF Building Expansion	0	0	5,250	5,250
Subtotal Program Changes	0	(42,413)	(820,160)	(862,573)
FY 2022 Revised Estimate	**1,863**	**$331,865**	**$749,815**	**$1,081,680**
Changes to Base				
Maintaining Current Levels (MCLs)	0	0	19,110	19,110
Pay Annualization (2.7% average pay raise)	0	0	2,002	2,002
Pay-Raise (4.6% average pay raise)	0	0	9,620	9,620
Non-Pay	0	0	7,488	7,488
Subtotal Changes to Base	0	0	19,110	19,110
FY 2023 Current Services	**1,863**	**$331,865**	**$768,925**	**$1,100,790**
Program Changes				
Program Decreases:	0	0	(17,469)	(17,469)
Manufacturing Support	0	0	(12,769)	(12,769)
WCF Building Expansion	0	0	(4,700)	(4,700)
Program Increases:	0	43,261	913,269	956,530
Currency Program	0	43,261	0	43,261
Retooling	0	0	19,750	19,750
Washington D.C. Replacement Facility	0	0	885,279	885,279
Facilities Support	0	0	825	825
Information Systems	0	0	3,300	3,300
Security and Accountability	0	0	4,115	4,115
Subtotal Program Changes	0	43,261	895,800	939,061
FY 2023 Estimate	**1,863**	**$375,126**	**$1,664,725**	**$2,039,851**

C – Budget Increases and Decreases Description

Program Decreases ....-$928,907,000 / -0 FTE

<u>Currency Program -$42,413,000 / -0 FTE</u>

The yearly currency order (YCO) is 7.2B notes in FY 2022.

<u>Travel Decrease -$1,215,000 / -0 FTE</u>

The decrease is due to COVID travel restrictions.

<u>DC Replacement Facility -885,279,000 / -0 FTE</u>

The obligation for the next phase of DC Replacement Facility project is delayed to FY 2023.

Program Increases ....+ $66,334,000 / +0 FTE

<u>Additional Overtime +$7,500,000 / +0 FTE</u>

The overtime in FY 2021 was trending at a higher rate due to COVID. BEP anticipates the higher overtime rate to continue into FY 2022.

Service Contracts +53,584,000 / +0 FTE
Large service contracts awarded in FY 2021 include asbestos abatement service, repairing annex building exterior façade, banknote design and development, and cybersecurity.

WCF Expansion +5,250,000 / +0 FTE
The increase is due to equitable adjustments and claims.

Maintaining Current Levels (MCLs) ....+$19,110,000 / +0 FTE
Pay Annualization (2.7% average pay raise) +$2,002,000 / +0 FTE
Funds are required for annualization of the January 2022 2.7% average pay raise.

Pay Raise (4.6% average pay raise) +$9,620,000 / +0 FTE
Funds are required for a 4.6% average pay raise in January 2023.

Non-Pay +$7,488,000 / +0 FTE
Funds are required for non-labor expenses such as travel, contracts, rent, supplies, and equipment.

Program Decreases ....-$17,469,000 / -0 FTE
Manufacturing Support -$12,769,000 / -0 FTE
This reflects decrease of planned obligation for Manufacturing Support.

WCF Building Expansion -$4,700,000 / -0 FTE
This reflects decrease of anticipated obligations from $13M in FY 2022 to $8.3M in FY 2023.

Program Increases ....+$956,530,000 / +0 FTE
Currency Program Increase +$43,261,000 / +0 FTE
This reflects currency order commitment increase from 7.2B to 7.6B notes.

Retooling +19,750,000 / + 0 FTE
This increase is for planned obligation for new equipment for the DC Replacement Facility and WCF.

Washington, DC Replacement Facility +885,279,000 / +0 FTE
This increase is for obligations related to construction activities originally planned in FY 2022.

Facilities Support +$825,000 / +0 FTE
This increase is for planned obligations for facilities support.

Information Systems +$3,300,000 / +0 FTE
This increase is for planned obligations for IT hardware and software upgrades.

Security and Accountability +$4,115,000, +0 FTE
This increase is for planned obligations for new traceability project and security equipment.

1.3 – Object Classification (Schedule O)

Dollars in Thousands

Object Classification	FY 2021 Actual Obligations	FY 2022 Estimated Obligations	FY 2023 Estimated Obligations
11.1 - Full-time permanent	169,368	189,926	195,230
11.3 - Other than full-time permanent	268	200	206
11.5 - Other personnel compensation	0	5,698	8,757
11.6 – Overtime	44,505	32,800	33,716
11.9 - Personnel Compensation (Total)	**214,141**	**228,624**	**237,909**
12.0 - Personnel benefits	76,133	83,690	86,027
13.0 - Benefits for former personnel	36	3	3
Total Personnel and Compensation Benefits	**$290,310**	**$312,317**	**$323,939**
21.0 - Travel and transportation of persons	442	750	765
22.0 - Transportation of things	824	821	846
23.1 - Rental payments to GSA	3,710	3,124	3,218
23.2 - Rental payments to others	780	1,101	832
23.3 - Communication, utilities, and misc. charges	17,977	19,168	19,745
24.0 - Printing and reproduction	3	5	3
25.1 - Advisory and assistance services	29,753	30,938	31,868
25.2 - Other services	171,317	123,291	127,001
25.3 - Other purchases of goods & serv from Govt accounts	33,650	34,731	915,310
25.4 - Operation and maintenance of facilities	658	76,372	78,668
25.5 - Research and development contracts	3,357	3,557	3,664
25.7 - Operation and maintenance of equip	24	0	0
25.8 - Subsistence and support of persons	152	0	0
26.0 - Supplies and materials	579,007	351,362	394,623
31.0 – Equipment	83,834	123,958	139,179
32.0 - Land and structures	32,749	0	0
42.0 - Insurance claims and indemnities	184	185	190
Total Non-Personnel	**$958,421**	**$769,363**	**$1,715,912**
Total Budgetary Resources	**$1,248,731**	**$1,081,680**	**$2,039,851**
Full-time Equivalents (FTE)	**1,832**	**1,863**	**1,863**

D – Appropriations Language and Explanation of Changes

BEP does not require annual appropriations language.

E – Legislative Proposals

BEP has no legislative proposals.

Section II – Annual Performance Plan and Report

A – Strategic Alignment
BEP's vision is to be the world standard securities printer providing its customers and the public with superior products through excellence in manufacturing and innovation. BEP supports the following Department of the Treasury FY 2022-2026 strategic goals:

- Goal 2: Enhance National Security
  - Cyber Resiliency of Financial Systems and Institutions
- Goal 3: Financial System Vulnerabilities:
  - Financial Innovation
- Goal 4: Combat Climate Change
  - Sustainable Treasury Operations
- Goal 5: Modernize Treasury Operations
  - Recruit and Retain a Diverse and Inclusive Workforce
  - Better Use of Data

U.S. currency is used globally and as its manufacturer, BEP needs to achieve and maintain best-in-class practices for U.S. currency to be accepted worldwide. Working closely with its partners in the U.S. Currency Program, BEP looks forward to updating the next series of secure notes. BEP continues to make every effort to meet its mission to manufacture sophisticated and technologically advanced notes that are dependable in commerce. This achievement requires the focus and determination of the entire agency, since BEP faces challenges and is committed to stay ahead of increasingly sophisticated counterfeiters. In addition, BEP is working to align budget activities and performance measures to the new Treasury FY 2022-2026 Strategic Plan.

In accordance with the Government Performance and Results Act Modernization Act of 2010 (GPRAMA), the Department of the Treasury has finalized the FY 2022 – 2026 Departmental Strategic Plan. Bureau of Engraving and Printing will publish a component plan that aligns bureau activities and priorities to the Department's by the 3rd quarter of FY 2022.

B – Budget and Performance by Budget Activity
2.1 – Manufacturing Resources and Measures

Dollars in Thousands

Resource Level	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Revised Estimate	FY 2023 Estimate
Expenses/Obligations	$712,920	$914,134	$955,212	$878,611	$1,248,731	$1,081,680	$2,039,851
Budget Activity Total	**$712,920**	**$914,134**	**$955,212**	**$878,611**	**$1,248,731**	**$1,081,680**	**$2,039,851**
Full-time Equivalents (FTE)	**1,818**	**1,748**	**1,727**	**1,740**	**1,832**	**1,863**	**1863**

Performance Measure	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2021 Target	FY 2022 Target	FY 2023 Target
Currency Notes Delivered Returned Due to Defects (parts per million)	B	.0031	.009	.02	.0016	<1ppm	<1ppm	<1ppm
FEVS Satisfaction Index[1]	N/A	73	74	74	NR	>65%	>65%	>65%
Lost Time Accident rate (per 100 employees)	1.36[2]	0.78[2]	1.48	1.01	1.59	< 1.8	< 1.8	< 1.8
Manufacturing Costs for Currency (Dollars per Thousand Notes Produced)	$43.58	$47.41	$50.33	$56.19[3]	$61.81	$64.33	$63.07	$65.00
Yearly Currency Order	N/A	N/A	100%	100%	100%	100%	100%	Disc

Key: B – Baseline; NR – Not Received
1 FEVS Satisfaction scores are keyed to the year of survey, not the year results are received.
2 Lost Time Accident Rates are adjusted following adjudication of accident reports received during each fiscal year. The FY 2017 and 2018 numbers shown reflect these adjustments.
3 Target Manufacturing Cost in FY 2020 was increased from $55.73 to $59.65 in Jun 2020 in response to an increase in FY 2020 order due to pandemic demand.

Manufacturing Budget and Performance
($2,039,851,000 from reimbursable sources)
The BEP has one budget activity: Manufacturing. This budget activity supports all of BEP's strategic goals.

Description of Performance:
Currency Notes Returned Due to Defects (in parts per million or ppm) is an indicator of BEP's ability to provide a quality product. The target for this performance metric is <1 ppm. BEP was able to exceed the established target in FY 2021, with an actual result of 0.0016 ppm notes returned due to a defect. BEP's target for this performance metric will be held constant at <1 ppm for FY 2022 and FY 2023.

The Federal Employees Viewpoint Survey (FEVS) allows employees to share their opinion on what matters most to them. Based on the results of the survey, BEP can target areas for improvement or additional employee engagement. The measure uses the Department's standard FEVS Satisfaction Index with a target of 65 percent or greater. In FY 2022 and 2023, BEP will continue to strive for improvements in overall employee satisfaction.

The Lost Time Accident Rate per 100 employees measures the BEP's ability to reduce injuries in the workplace. BEP's FY 2021 Lost Time Accident rate was at 1.59 cases per 100 employees, lower than the target of 1.80 cases per 100 employees. This performance resulted from increased focus on following safe work practices and avoiding hazards. For FY 2022, BEP remains committed to maintaining and improving the safety of its employees. BEP will continue to perform analysis to determine the root causes of any injury and to identify best practices in safety. The 1.8 case rate represents approximately one injury per facility per month. BEP's target will be held at 1.80 cases per 100 employees for FY 2022 and FY 2023.

Manufacturing Cost for Currency (dollar cost per 1,000 notes produced) is an indicator of manufacturing efficiency and effectiveness of program management. The measure is based on contracted price factors, productivity improvements, and the mix and timing of denominations ordered. This indicator is strongly affected by the portion of the order devoted to high-value notes, which are more expensive to produce. Actual performance against standard costs depends on BEP's ability to meet spoilage, efficiency, and capacity utilization goals. The final FY 2021 cost was $61.81 per 1,000 notes produced. BEP's target for this performance metric is $63.07 in FY 2022. The notional target for FY 2023 is set at $65.00 per 1,000 notes produced. This target will be refined once the FY 2023 currency order is received.

The Yearly Currency Order (YCO) measures BEP's success in delivering the total number of currency notes ordered by the Federal Reserve Board annually, this is being discontinued in FY 2023.

The FY 2021 order met its target of delivering 100 percent of the currency notes ordered, with BEP delivering 7.0B notes. Recent currency orders now include a minimum quantity of notes by denomination, as well as a maximum. In FY 2022, the minimum quantity requested is 6.876B notes.

C – Changes in Performance Measures

For FY 2023, with the publication of Treasury's Strategic Plan for FY 2022-2026, BEP will work this year to baseline performance against the new strategic objectives. This could result in changes to performance measures in the FY 2024 budget.

Section III – Additional Information

A – Summary of Capital Investments

A summary of capital investments, including major information technology and non-technology investments can be viewed and downloaded at: https://www.treasury.gov/about/budget-performance/Pages/summary-of-capital-investments.aspx.

Department of the Treasury
United States Mint

Congressional Budget Justification and Annual Performance Plan and Report

FY 2023

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Section I – Budget Request

A – Mission Statement
To enable America's economic growth and stability by protecting assets entrusted to us and manufacturing coins and medals to facilitate national commerce.

B – Summary of the Request
In Fiscal Year (FY) 2023, the Mint's total estimated budgetary requirements for operations, metal, and capital investments are $3.4 billion. This budget will support the production of 14.5 billion circulating coins, as well as the production of bullion and other numismatic products sufficient to meet customer demand. The Mint has one budget activity: manufacturing, which encompasses the bureau's two major programs, circulating coinage and numismatic products (including bullion coins, collector coins, and national medals).

To maintain its reputation as one of the finest mints in the world, the Mint is committed to operating according to the core values of service, quality, and integrity. The Mint has three strategic goals to help fulfill its mission and values: 1) Advancing our circulating mission through innovation and technology; 2) Foster a safe, flexible, diverse and engaged workforce; 3) Introducing diverse products to new customers and revitalizing the Mint customer base through the use of industry-proven marketing approaches.

Mint operations are funded through the Mint Public Enterprise Fund (PEF), 31 U.S.C. § 5136. The Mint generates revenue through the sale of circulating coins to the Federal Reserve Banks (FRB), numismatic products to the public, and bullion coins to authorized purchasers. All circulating and numismatic operating expenses, along with capital investments incurred for the Mint's operations and programs, are paid out of the PEF. By law, all funds in the PEF are available without fiscal year limitation. Revenues determined to be in excess of the amount required by the PEF are transferred to the United States Treasury General Fund.

Circulating
Circulating coin production projections are based on current economic data and forecasts of FRB coin orders. Circulating coin production for FY 2022 and FY 2023 is forecasted at 13.3 billion and 14.5 billion coins, respectively. This level reflects a 10 percent decrease for FY 2022 and a 1.4 percent decrease for FY 2023 in shipments of all coin denominations, as compared to 14.7 billion in FY 2021. Circulating revenue is forecasted at $1.084 billion in FY 2022 and $1.237 billion in FY 2023. FY 2021 unit costs increased for all denominations except the half dollar compared to last year. The penny's unit cost rose by 19.3 percent, the nickel's unit cost rose by 14.8 percent, the dime's unit cost rose by 17.7 percent, and the quarter-dollar's unit cost rose by 11.7 percent. The unit cost for both pennies (2.10 cents) and nickels (8.52 cents) remained above face value for the 16th consecutive fiscal year.

Numismatic Program
The numismatic program, which includes bullion coins, is designed to prepare and distribute premium products to collectors and those who desire quality versions of coinage. Numismatic products are priced to cover metal and production costs.

Bullion Coins

The bullion coin program provides the public a means to acquire precious metal coins as part of an investment portfolio. In FY 2021, bullion demand increased to 37.5 million ounces from the 24.7 million ounces sold in FY 2020. Demand for bullion is forecasted at 20.8 million ounces for both FY 2022 and FY 2023. Bullion revenue is forecasted to be $2.0 billion in FY 2022 and $1.95 billion in FY 2023.

Numismatic (Collector Coins and Medals)

The numismatic program provides high-quality versions of circulating coinage, precious metal coins, commemorative coins, and national medals for sale to the public. FY 2021 numismatic revenue was up 66.6 percent compared to FY 2020. Numismatic revenue was $577.4 million, a $230.8 million increase. The 2021 American Eagle One Ounce Silver Proof and the 2021 United States Mint Proof Set were the most popular sellers (in terms of units) this year, selling a combined 1,216 thousand units. Sales for these products were 63.8 percent higher than they were last year. Gold and platinum numismatic products generated the largest share of revenue (57.2 percent) during FY 2021 compared to the other numismatic products. This category generated $330.0 million in numismatic revenue compared to $247.4 million revenue generated by the other categories. Total units increased by 20.9 percent from 3.4 million in FY 2020 to 3.7 million in FY 2021. FY 2022 and FY 2023 numismatic revenues are projected to be $448.6 million and $339.6 million, respectively, based on projected demand for numismatic products of 3.5 million units in FY 2022 and decreasing to 3.0 million units in FY 2023.

1.1 – Resource Detail Table

Dollars in Thousands

Budgetary Resources	FY 2021 Actual		FY 2022 Revised Estimate		FY 2023 Estimate		FY 2022 to FY 2023 % Change		
	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT	FTE	FTE	AMOUNT
Revenue/Offsetting Collections									
Other Income									
Circulating	0	$1,044,021	0	$1,084,008	0	$1,237,350		NA	14.15%
Bullion/Numismatic	0	$4,376,121	0	$2,450,268	0	$2,295,065		NA	-6.33%
Total Revenue/Offsetting Collections	**0**	**$5,420,142**	**0**	**$3,534,276**	**0**	**$3,532,415**		**NA**	**-0.05%**
Expenses/Obligations									
Manufacturing									
Circulating	846	$968,868	933	$1,014,902	933	$1,178,132		0.00%	16.08%
Bullion/Numismatic	720	$4,061,107	772	$2,396,348	772	$2,219,013		0.00%	-7.40%
Total Expenses/Obligations	**1,566**	**$5,029,975**	**1,705**	**$3,411,250**	**1,705**	**$3,397,145**		**0.00%**	**-0.41%**
Net Results	**1,566**	**$390,167**	**1,705**	**$123,026**	**1,705**	**$135,270**		**0.00%**	**9.95%**

Coin Shipments (Units In Millions/Coins)	FY 2021	FY 2022	FY 2023	% Change
Circulating:				
One Cent	7,613	6,500	6,925	6.5%
5-Cent	1,736	1,442	1,502	4.1%
Dime	3,066	2,581	2,843	10.2%
Quarter	2,274	2,717	3,158	16.2%
Half-Dollar	12	-	-	0.0%
Dollar	-	-		0.0%
Total Circulating	**14,701**	**13,240**	**14,428**	9.0%

Budget Category	FY 2021 Actual	FY 2022 Revised Estimate	FY 2023 Estimate	% Change
Administrative Operating Costs	$406,001	$451,250	$467,145	3.5%
Capital Investments	$60,105	$70,000	$70,000	0.0%
Metals and Materials Costs	$4,563,869	$2,890,000	$2,860,000	-1.0%
Total Budgetary Resources	**$5,029,975**	**$3,411,250**	**$3,397,145**	-0.4%

Note: Includes circulating coinage and protective service capital investments which shall not exceed $50,000. The remaining $20,000 is allocated for Numismatic capital investments, which are outside of the legislative limit.

1.2 – Budget Adjustments Table

Dollars in Thousands

	FTE	Materials	Operating & Capital	Total
FY 2022 President's Budget	**1,671**	**$2,810,000**	**$502,598**	**$3,312,598**
Program Changes				
Program Increases:	**34**	**$80,000**	**$18,652**	**$98,652**
Metal Due to Forecasted Increase in Bullion and Numismatic Production	0	$80,000	$0	$80,000
Order Management Services	0	$0	$3,103	$3,103
Numismatic Capital Increase	0	$0	$9,500	$9,500
FTE Increase	34	$0	$4,749	$4,749
Launching American Women Quarters Program	0	$0	$1,300	$1,300
Subtotal Program Changes	34	$80,000	$18,652	$98,652
FY 2022 Revised Estimate	**1,705**	**$2,890,000**	**$521,250**	**$3,411,250**
Changes to Base				
Maintaining Current Levels (MCLs)	**0**	**$0**	**$15,895**	**$15,895**
Pay Annualization (2.7%)	0	$0	$1,610	$1,610
Pay Raise (4.6%)	0	$0	$9,004	$9,004
Non-Pay (2%)	0	$0	$5,280	$5,280
FY 2023 Current Services	**1,705**	**$2,890,000**	**$537,145**	**$3,427,145**
Program Changes				
Program Decreases	**0**	**($100,000)**	**$0**	**($100,000)**
Metal due to forecasted decrease in Bullion and Numismatic production	0	($100,000)	$0	($100,000)
Program Increases	**0**	**$70,000**	**$0**	**$70,000**
Metal due to forecasted increase in circulating production	0	$70,000	$0	$70,000
Subtotal Program Changes	**0**	**($30,000)**	**$0**	**($30,000)**
Total FY 2023 Estimate	**1,705**	**$2,860,000**	**$537,145**	**$3,397,145**

C – Budget Increases and Decreases Description

Program Increases…………………………….……………………. +$98,652,000 / +34 FTE

Metal due to Forecasted Increase in Bullion and Numismatic Production +$80,000,000 / +0 FTE

FY 2022 forecasted bullion coin production is projected to remain flat but metal prices are anticipated to increase, which will increase bullion coin program costs overall.

Order Management Services +$3,103,000 / +0 FTE

We anticipate an increase of approximately $3.1 million for operating and maintenance costs for labor rate, digital media, and software to improve system functionality and customer experience.

Numismatic Capital Increase +$9,500,000 / +0 FTE

Investments in capital are a critical part of regular manufacturing operations. To continue effective coin production, equipment replacements and facility maintenance is mandatory. An increase to numismatic capital investments is required to effectively support equipment and facility maintenance needs that have been deferred in prior years, including a proof press overhaul as well an HVAC renovation at the San Francisco Mint.

FTE Increase +$4,749,000 / +34 FTE

The Mint has identified 19 new FTEs needed to support cyber security and data network efforts, anti-counterfeiting efforts, evidence-building activities, and numismatic and bullion programs. In addition, the Mint increased its actual FTE 5% in FY21 and anticipates an increase of 6% in FY 2022 to return to the 1705 FTE level in past years. The higher level increase will be made possible by additional hiring authorities for cyber and production.

Launching American Women Quarters Program +$1,300,000 / +0 FTE
The new quarters program was launched in FY 2022. These costs will support our efforts to inform the public of the program by investing in various media platforms, marketing and education.

Maintaining Current Levels (MCLs)... +$15,895,000 / +0 FTE
Pay Annualization (2.7%) +$1,610,000 / +0 FTE
Funds are required for annualization of the January 2022 2.7% average pay raise.

Pay Raise (4.6%) +$9,004,000 / +0 FTE
Funds are required for a 4.6% average pay raise in January 2023.

Non-Pay +$5,280,000 / +0 FTE
Funds are required for non-labor expenses such as travel, contracts, rent, supplies, and equipment.

Program Decreases…………………………………………………… -$100,000,000 / -0 FTE
Metal due to Forecasted Decrease in Bullion/Numismatic Production -$100,000,000 / -0 FTE
FY 2023 forecasted demand for the bullion coin program is anticipated to return to more historic levels. The result is a decrease of $50 million in bullion metal costs. Concurrently, numismatic program sales are also forecasted to decline causing a decrease of $50 million in metal costs. The result for the numismatic and bullion program is an overall decrease in program costs.

Program Increases…………………………………………………… +$70,000,000 / +0 FTE
Metal due to Forecasted Increase in Circulation Production +$70,000,000 / +0 FTE
FY 2023 forecasted circulating coin production is projected to increase. In conjunction, circulating metal prices are also projected to increase. This results in an overall increase in the circulating coin program.

1.3 – Object Classification (Schedule O) Obligations

Dollars in Thousands

Object Classification	FY 2021 Actual Obligations	FY 2022 Estimated Obligations	FY 2023 Estimated Obligations
11.1 - Full-time permanent	141,810	170,097	180,712
11.3 - Other than full-time permanent	278	161	161
11.5 - Other personnel compensation	17,577	15,700	15,700
11.9 - Personnel Compensation (Total)	**159,665**	**185,958**	**196,573**
12.1 - Personnel benefits	58,565	56,347	57,474
13.0 - Benefits for former personnel	114	1,019	1,019
Total Personnel and Compensation Benefits	**$218,344**	**$243,324**	**$255,066**
21.0 - Travel and transportation of persons	403	2,663	2,663
22.0 - Transportation of things	41,870	33,803	33,803
23.2 - Rental payments to others	15,731	14,000	14,000
23.3 - Communication, utilities, and misc charges	14,656	18,960	18,960
24.0 - Printing and reproduction	751	3,366	3,366
25.1 - Advisory and assistance services	55,231	52,621	52,647
25.2 - Other services	20,346	21,063	21,701
25.3 - Other purchases of goods & serv frm Govt accounts	22,471	20,586	21,586
25.4 - Operation and maintenance of facilities	8,616	9,375	9,675
25.5 - Research and development contracts	0	900	900
25.6 - Medical care	1,290	900	1,000
25.7 - Operation and maintenance of equip	9,098	7,059	7,349
26.0 - Supplies and materials	18,090	19,050	20,550
26.0 - Raw Materials	4,541,624	2,890,000	2,860,000
31.0 - Equipment	42,003	60,266	60,566
32.0 - Land and structures	19,451	13,314	13,314
Total Non-Personnel	**4,811,631**	**3,167,926**	**3,142,080**
Total Obligations	**$5,029,975**	**$3,411,250**	**$3,397,145**
Full-time Equivalents (FTE)	**1,566**	**1,705**	**1,705**

D – Appropriations Language and Explanation of Changes

Appropriations Language	Explanation of Changes
DEPARTMENT OF THE TREASURY UNITED STATES MINT *Federal Funds* *Pursuant to section 5136 of title 31, United States Code, the United States Mint is provided funding through the United States Mint Public Enterprise Fund for costs associated with the production of circulating coins, numismatic coins, and protective services, including both operating expenses and capital investments: Provided, That the aggregate amount of new liabilities and obligations incurred during fiscal year 2023 under such section 5136 for circulating coinage and protective service capital investments of the United States Mint shall not exceed $50,000,000.*	

Section II – Annual Performance Plan and Report

A – Strategic Alignment
This year, the Mint is working to align budget activities and performance measures to the new objectives in the Treasury FY 2022 – 2026 Strategic Plan. This work will include benchmarking performance and may result in changes to performance measures in the FY 2024 budget.

Strategic Alignment to Treasury's new strategic plan
Goal 2: Enhance National Security
- Strategic Objective 2.1: Cyber Resiliency of Financial Systems and Institutions (Support)

Goal 3: Protect Financial Stability and Resiliency
Strategic Objective 3.3: Financial Innovation (Support)
Goal 4: Combat Climate Change
- Strategic Objective 4.4: Sustainable Treasury Operations (Support)

Goal 5: Modernize Treasury Operations
- Strategic Objective 5.1: Recruit and Retain a Diverse and Inclusive Workforce (Support)
- Strategic Objective 5.2: Future Work Routines (Support)
- Strategic Objective 5.3: Better Use of Data (Support)
- Strategic Objective 5.4: Customer Experience Practices (Support)

Circulating Coinage Program
Circulating coinage includes the minting and issuing of pennies, nickels, dimes, and quarter dollars. The Mint delivers circulating coinage to the FRBs in quantities to support their service to commercial banks and other financial institutions. These financial institutions then meet the coinage needs of retailers and the public. The Mint recognizes revenues from the sale of circulating coins at face value when they are shipped to the FRBs.

The America the Beautiful Quarters Program ended in FY 2021, bringing to a close one of the nation's most successful coin programs. To continue the Mint's tradition of celebrating America's history through circulating coins, the Circulating Collectible Coin Redesign Act was passed into law January 2021, granting the Mint authority to change the designs of circulating coins – specifically, quarter-dollars. Beginning in FY 2022, the Mint will introduce the first in a series of new quarter-dollar designs – the American Women Quarters™ Program. This program will run through 2025 and will present five new designs each year featuring prominent American women who have made an impact in American history in a variety of fields including women's suffrage, civil right, abolition, government, humanities, science, and the arts. The first women to be honored include Maya Angelou, Dr. Sally Ride, Wilma Mankiller, Nina Otero-Warren and Anna May Wong.

Numismatic Program

The Mint's numismatic program provides high-quality versions of circulating coinage, precious metal coins, commemorative coins, and national medals for sale directly to the public. For some numismatic products, authorizing legislation specifies program requirements, such as design theme, mintage level, and duration of product availability. Other programs are structured by law to grant the Secretary of the Treasury discretion in determining product specifications.

Bullion Coins

The Mint produces and issues gold, silver, platinum, and palladium bullion coins to authorized purchasers through the American Eagle, American Buffalo, and America the Beautiful Silver Bullion Coin Programs. The authorized purchasers agree to maintain an open, two-way market for these coins, ensuring their availability for consumers who desire them for investment portfolios. Demand for bullion coins is greatly influenced by the performance of other investment options, such as equities or currency markets, and therefore is highly unpredictable. The content and purity of the precious metal in the bullion coins are backed by the United States Government.

Other Numismatic Products

The Mint will continue to mint and issue $1 coins commemorating the important contributions made by Indian tribes and individual Native Americans to the development and history of the United States in accordance with the Native American $1 Coin Act (Public Law 110-82). In addition, the Mint started the American Innovation $1 Coin Program (Public Law 115-197) in 2018. This is a multi-year $1 coin series to honor innovation and innovators for each of the 50 states, the District of Columbia and the five U.S. territories – Puerto Rico, Guam, American Samoa, the United States Virgin Islands, and the Commonwealth of the Northern Mariana Islands. Four new $1 coins with distinctive reverse designs will be released each year through 2032, in the order the states ratified the Constitution of the United States or were admitted to the Union. Once a coin is issued for each state, coins will be released for the District of Columbia and the territories.

Commemorative coins are authorized by law to recognize and honor people, places, events, institutions, and other subjects of historic or national significance. Each coin is minted and issued by the Mint in a limited quantity and is available only for a limited time. Included in the price is a surcharge that is authorized to be paid to the designated recipient organizations, assuming all legal requirements have been met. Recipient organizations must use the proceeds for the purposes specified in the enabling legislation. In 2022, the Mint has authorization to mint commemorative coins commemorating National Purple Heart Hall of Honor (Public Law 116-247) and Negro Leagues Baseball Centennial (Public Law 116-209). Currently, the Mint does not have authorization for any commemorative coins in FY 2023.

B – Budget and Performance by Budget Activity
2.1.1 – Manufacturing Resources and Measures

Dollars in Thousands

Resource Level	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Revised Estimate	FY 2023 Estimate
Expenses/Obligations	$2,203,909	$1,424,770	$1,555,462	$3,462,361	$5,029,975	$3,411,250	$3,397,145
Budget Activity Total	**$2,203,909**	**$1,424,770**	**$1,555,462**	**$3,462,361**	**$5,029,975**	**$3,411,250**	**$3,397,145**
FTE	**1,645**	**1,545**	**1,536**	**1,539**	**1,566**	**1,705**	**1,705**

Performance Measure	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2021 Target	FY 2022 Target	FY 2023 Target
Circulating On-Time Delivery	100	100	100	100	100	97.5	97.5	97.5
Customer Satisfaction Index (%)	91.7	93.6	93.6	91.7	84.5	90	84.5	85
Numismatic Sales Units (Million Units)	3.9	3.3	4.3	3.4	3.7	3.6	3.5	3.0
Safety Incident Recordable Rate	1.96	1.9	1.45	1.29	0.71	2.30	2.26	2.19
Seigniorage per Dollar Issued ($)	0.45	0.37	0.4	0.47	0.37	0.41	0.33	0.33

Manufacturing Budget and Performance

($3,397,145,000 from offsetting collections) The Mint will mint and issue circulating coins and produce numismatic products, including bullion, to meet demand.

Description of Performance:

Several key performance measures are used to gauge the bureau's progress in achieving its strategic goals and to assess its Manufacturing Budget Activity performance.

Customer Satisfaction Index (CSI)

The Mint conducts a quarterly survey of a random sample of active numismatic customers. The survey is intended to capture customer satisfaction with the Mint's service performance as a coin products supplier and with the quality of specific products. The CSI metric is a quantitative score summarizing the survey's results into one consolidated value. This metric gauges performance results in the effort to achieve the Mint's internal strategic plan goal, "Revitalization of products and customer base," and the Mint's internal strategic objective linked to this goal, "Integrated marketing plan", which includes metrics for performance, customer engagement and customer satisfaction to evaluate the health of the Mint's sales and marketing program.

In FY 2021, the CSI was 84.5 percent, failing to reach its 90.0 percent target. The Mint fell short of the target due to COVID-19 as the call center and distribution warehouse experienced labor shortages and high labor turnover, impeding fulfillment of phone call and shipping volumes. The Mint has set the target for this metric at 84.5 percent for FY 2022 and at 85.0 percent for FY 2023. The Mint is implementing new and exciting technology to our marketing services to help meet these targets. This technology will enable more and better customer engagement and allow us to connect with a broader audience across multiple channels.

Numismatic Sales Units

The numismatic sales unit metric measures public demand for coin products sold from numismatic operations. This metric also measures performance results achieving the Mint's internal strategic plan goal, "Revitalization of products and customer base" and the Mint's internal strategic objective linked to this goal, "Increasing brand awareness."

Numismatics product sales for FY 2021 totaled nearly 3.7 million units, slightly over its 3.6 million units target. However, the environment for numismatic sales overall remains uncertain. A shortage of silver blanks is challenging the Mint's ability to manufacture enough units to fully meet customer demand for its most popular products. The performance target for numismatic sales units is 3.5 million for FY 2022 and 3.0 million for FY 2023. Targets are representative of anticipated results for the various numismatic product programs for that year. Therefore, targets tend to vary year over year. To meet these targets, the Mint will continue to provide high-quality products and maintain outstanding customer service and deepen engagement with coin collectors.

Safety Incident Recordable Rate

The safety incident recordable rate is the number of injuries and illnesses meeting the Occupational Safety and Health Administration recording criteria per 100 full-time workers. It measures the occurrence of work-related incidents involving death, lost time and restricted work, loss of consciousness, or medical treatment. The safety incident recordable rate indicates performance results in the effort to achieve the Mint's internal strategic plan goal, "Foster a safe, flexible, diverse, and engaged workforce," and the corresponding Mint internal strategic objective linked to this goal, "Continue to cultivate a safe working environment."

In FY 2021, the total recordable case rate reached 0.71, well below the Mint's FY 2021 target of 2.30, and significantly below the most recently published industry average rate of 5.2 published in 2015 by the U.S. Bureau of Labor Statistics for the comparable Non-Automotive Metal Stamping industry. During FY 2021, the Mint continued implementing and updating risk management guidelines to prioritize resources and mitigate risks in advance of injuries or catastrophic events at each plant. Mint facility leadership and employees continue to interact on a daily basis on the importance of safety. The performance targets for the safety incident recordable rate are 2.26 for FY 2022 and 2.19 for FY 2023.

Seigniorage per Dollar Issued

Seigniorage per Dollar Issued is the financial return on circulating operations, calculated as seigniorage divided by the total face value of circulating coins shipped to the FRBs. Seigniorage is the difference between the face value and cost of producing circulating coinage. It measures the cost effectiveness of minting and issuing the United States' circulating coinage. It also measures performance results in achieving the Mint's internal strategic plan goal, "Advancing the circulating mission," as well as the Mint's internal strategic objective linked to the goal, "Utilize research, analysis, and technology for enhancement of circulating coin output and input."

At the end of FY 2021, Seigniorage per Dollar Issued was $0.37, well below the FY 2021 performance target of $0.41, the result of a decrease in circulating units shipped. FY 2022 and FY 2023 target decreases are a result of projected decreases in production volumes, as well as increases in base metals costs for all denominations, as spot market prices are expected to escalate. The Seigniorage per Dollar Issued performance targets are set at $0.33 for both FY 2022 and FY 2023.

Circulating On-time Delivery
Circulating On time Delivery is the percentage total of scheduled circulating coin orders shipped on time to the Federal Reserve Banks. Each month, the FRB provides Mint a report detailing the next month's requirements for coinage. Based on this report, the Mint establishes a shipment schedule that is captured in the Oracle manufacturing system. Changes to the schedule are only made when the FRB provides formal documentation of a requested adjustment to scheduled orders. The Mint will continue to respond to FRB orders as needed, as well as make every effort to have the appropriate amount of coinage available to accommodate timely shipments. Performance over the past few years has consistently averaged around 100%. On time delivery for FY 2021 was 100%. The performance target for circulating on-time delivery is set at 97.5% for both FY 2022 and FY 2023.

Section III – Additional Information

A – Summary of Capital Investments
The Mint's capital investment requirements are predominantly for manufacturing-type equipment. Capital investments, along with its operating expenses, are paid out of the Mint's PEF. Current annual appropriations legislation caps the aggregate amount of new liabilities and obligations incurred during a fiscal year for capital investments in circulating coinage operations and protective service at $50 million.

The Mint's manufacturing capital investment projects focus on safety, equipment replacement, protection, and facility improvements.

In addition, the Mint's capital investments encompass a robust information technology (IT) portfolio of investments and programs that modernize and secure the bureau's infrastructure. The bureau's governance structures ensure that the IT portfolio is managed in accordance with cost, schedule, risk, and performance goals, and that expected results and benefits are achieved. Enterprise architecture reviews assess and reinforce alignment to the bureau's strategic plan and the strategic enterprise direction of the Department of the Treasury.

In accordance with the Statement of Federal Financial Accounting Standard (SFFAS) No. 6, the Condition Index and the Deferred Maintenance assessments for purposes of Federal Real

Property Profile, the Mint's maintenance is scheduled and performed regularly to keep the manufacturing equipment operating at optimal levels.

A summary of capital investment resources, including major information technology and non-technology investments can be found at:
https://www.treasury.gov/about/budget-performance/Pages/summary-of-capital-investments.aspx.

Department of the Treasury
Office of the Comptroller of the Currency

Congressional Budget Justification and Annual Performance Plan and Report

FY 2023

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Section I – Budget Request

A – Mission Statement

To ensure that national banks and federal savings associations operate in a safe and sound manner, provide fair access to financial services, treat customers fairly, and comply with applicable laws and regulations.

B – Summary of the Request

The Office of the Comptroller of the Currency (OCC) was created by Congress in 1863 to charter national banks; oversee a nationwide system of banking institutions; and ensure national banks are safe and sound, competitive and profitable, and capable of serving in the best possible manner the banking needs of their customers. Effective on July 21, 2011, Title III of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act), transferred to the OCC rulemaking authority and responsibility for the supervision of federal savings associations. As of September 30, 2021, the OCC supervised 797 national bank charters, 52 federal branches and agencies, and 269 federal savings associations with approximately $14.9 trillion in financial institution assets.

Effective supervision and a comprehensive regulatory framework are the key tools that the OCC uses to ensure that national banks and federal savings associations operate in a safe and sound manner and that they provide fair access to financial services and fair treatment of their customers. A robust chartering program allows new entrants into the financial services sector while ensuring that they have the necessary capital, managerial, and risk management processes to conduct activities in a safe and sound manner. The OCC's operations are funded primarily (approximately 97 percent) from semiannual assessments levied on national banks and federal savings associations. Revenue from investments in Treasury securities and other income comprise the remaining three percent.

FY 2022 and 2023 Priorities

A major focus for FY 2022 and forward involves reviews of existing regulations to consider changes consistent with safety and soundness and fair treatment of bank customers, with the goal of enhanced regulatory coordination, reducing unnecessary regulatory burden, and increasing examination efficiency. OCC supervised banks are showing resilience in the current environment with satisfactory credit quality and strong earnings, but weak loan demand and low net interest margins continue to weigh on performance. While economic activity is rebounding, there is significant ongoing financial risk.

The OCC noted operational, credit, compliance, and strategic risks, among the key risks. Pandemic-related supply chain disruptions are a potential concern and have the possibility to limit borrower revenue and cash flow, while inflationary pressures could cause interest rates and labor costs to rise. In addition, a higher volume of consumer mortgage loans benefiting from COVID-19 forbearance began expiring in June 2021 and will continue into early 2022. Although data indicate that forbearance customers generally have a significant level of home equity, which will likely mitigate losses to banks in the event of foreclosures absent sale of a property, these elevated levels of mortgage forbearance pose increased operational, compliance, and reputation risks that will require diligent oversight.

Strategic risk remains an emerging issue due to the impact on bank profitability of the historically low-rate environment and potential credit stress. Operational risk is elevated as cyberattacks evolve, become more sophisticated, and cause damage to a variety of industries including software systems commonly used by large numbers of OCC-supervised banks. Compliance risk remains heightened, as banks' efforts to serve customers in the end stages of assistance programs create challenges for change management, as well as for product and service risk management practices.

The OCC is committed to acting on the risks that climate change presents to the financial system. Banks are exposed to physical and transition risks presented by climate change which may impact the safety and soundness of supervised institutions. Physical and transition risks can have an associated material impact on the financial system by damaging property, impeding business activity, shifting the values of assets (both up and down), and affecting income.

The OCC will conduct examinations based on the risk profile of individual national banks and federal savings associations to ensure they are safe and sound, sufficiently capitalized, and comply with all laws and regulations, including consumer protection laws and regulations. The expiration of federal stimulus programs, eviction moratoriums, and other support programs presents a near-term challenge to community banks. Priorities and activities will include supervisory reviews of commercial and retail credit quality and credit risk management functions, implementation and preparedness for the current expected credit losses accounting standard, risk management systems related to the financial risks of climate change, cybersecurity and operational resiliency, the impact of a low-rate environment and the transition to alternative reference rates given the phaseout of the London Interbank Offering Rate (LIBOR), fintech partnerships for potential cryptocurrency, payment systems products, and other services, Bank Secrecy Act/Anti Money Laundering (BSA/AML) under delegated authority from Treasury's Financial Crimes Enforcement Network and in line with Federal Financial Institutions Examination Council (FFIEC) guidance, and fair access and fair lending. Examiners will work to resolve problem national bank and federal savings association situations effectively by identifying problems at the earliest possible stage, clearly communicating concerns and expectations to bank management through Reports of Examination and appropriate enforcement actions and ensuring timely follow-up on needed corrective actions.

1.1 – Resource Detail Table

Dollars in Thousands

Budgetary Resources	FY 2021 Actual		FY 2022 Estimated		FY 2023 Estimated		FY 2023 to FY 2022 % Change	
	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT
Assessments	0	$1,130,960	0	$1,158,673	0	$1,158,673	NA	0%
Interest	0	$17,320	0	$17,771	0	$17,771	NA	0%
Other Income	0	$18,847	0	$14,067	0	$14,067	NA	0%
Unobligated Balances from Prior Years	0	$1,664,755	0	$1,718,848	0	$1,692,000	NA	-2%
Total Revenue/Offsetting Collections	**0**	**$2,831,882**	**0**	**$2,909,359**	**0**	**$2,882,511**	**NA**	**-1%**
Supervise	3,073	$978,890	3,130	$1,071,065	3,130	$1,078,520	0.00%	1%
Regulate	330	$105,202	336	$115,109	336	$115,910	0.00%	1%
Charter	88	$27,887	89	$30,513	89	$30,726	0.00%	1%
Total Expenses/Obligations	**3,491**	**$1,111,979**	**3,555**	**$1,216,687**	**3,555**	**$1,225,156**	0.00%	1%
Net Results		**$1,719,903**		**$1,692,672**		**$1,657,355**	**NA**	**-2%**

- OCC funds are not appropriated funds or government monies. 12 U.S.C. § 481. The Comptroller may impose and collect assessments, fees, or other charges as necessary or appropriate to carry out his responsibilities and to meet the expenses of the OCC. 12 U.S.C. § 482. As of September 30, 2021, the net position of the OCC was $1,642.5 million.
-The Comptroller has sole authority to determine how OCC funds are obligated and its expenses incurred and paid. 12 U.S.C. § 16.
-As part of its annual budget formulation process, the OCC re-evaluates the size of the reserve based on a disciplined analysis of the impact of material events on its ability to fund operations.

1.3 – Object Classification (Schedule O) Obligations

Dollars in Thousands

Object Classification	FY 2021 Actual Obligations	FY 2022 Estimated Obligations	FY 2023 Estimated Obligations
11.1 - Full-time permanent	549,908	580,324	586,127
11.3 - Other than full-time permanent	4,329	3,027	3,027
11.5 - Other personnel compensation	3,898	3,769	3,769
11.9 - Personnel Compensation (Total)	**558,135**	**587,120**	**592,923**
12.0 - Personnel benefits	260,109	266,610	269,276
13.0 - Benefits for former personnel	225	230	230
Total Personnel and Compensation Benefits	**$818,469**	**$853,960**	**$862,429**
21.0 - Travel and transportation of persons	4,692	22,840	22,840
22.0 - Transportation of things	2,502	2,556	2,556
23.1 - Rental payments to GSA	80	91	91
23.2 - Rental payments to others	65,585	65,805	65,805
23.3 - Communication, utilities, and misc charges	22,998	15,947	15,947
24.0 - Printing and reproduction	491	613	613
25.1 - Advisory and assistance services	26,219	40,075	40,075
25.2 - Other services	30,589	36,961	36,961
25.3 - Other purchases of goods & serv frm Govt accounts	9,142	8,767	8,767
25.4 - Operation and maintenance of facilities	6,256	7,640	7,640
25.7 - Operation and maintenance of equip	77,090	108,169	108,169
26.0 - Supplies and materials	4,954	6,838	6,838
31.0 - Equipment	29,072	35,839	35,839
32.0 - Land and structures	12,636	10,202	10,202
42.0 - Insurance claims and indemnities	1,204	384	384
Total Non-Personnel	**293,510**	**362,727**	**362,727**
Total Budgetary Resources	**$1,111,979**	**$1,216,687**	**$1,225,156**
Full-time Equivalents (FTE)	**3,491**	**3,555**	**3,555**

Amounts reflect obligations of annually appropriated resources, carryover balances, reimbursables, and transfers.

D – Appropriations Language and Explanation of Changes

The OCC receives no appropriated funds from Congress.

E – Legislative Proposals

The OCC has no legislative proposals.

Section II – Annual Performance Plan and Report

A – Strategic Alignment

This year, OCC is working to align budget activities and performance measures to the new objectives in the Treasury FY 2022 – 2026 Strategic Plan. This work will include benchmarking performance and may result in changes to performance measures in the FY 2024 budget.

As such, the OCC's nationwide staff of bank examiners conducts on-site and off-site reviews of banks and provides sustained supervision of these institutions' operations. Examiners have used enhanced off-site tools and processes during the pandemic to support their supervision responsibilities. Examiners analyze asset quality, capital adequacy, earnings, liquidity, and sensitivity to market risk for all banks, and assess compliance with federal consumer protection laws and regulations. Examiners also evaluate management's ability to identify and control risk and assess banks' performance in meeting the credit needs of the communities in which they operate, pursuant to the Community Reinvestment Act (CRA).

In addition, under the bank supervision program, the OCC will also:

- Approve or deny applications for new charters, branches, capital, or other changes in corporate or banking structure;
- Take supervisory and enforcement actions against banks that do not comply with laws and regulations or that otherwise engage in unsafe or unsound practices;
- Remove and prohibit officers and directors, negotiate agreements to change banking practices, and issue cease-and-desist orders as well as Civil Money Penalties (CMPs); and
- Issue rules and regulations, legal interpretations, supervisory guidance, and corporate decisions governing investments, lending, and other practices.

B – Budget and Performance by Budget Activity

2.1.1 – Supervise Resources and Measures

Dollars in Thousands

Resource Level	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Estimated	FY 2023 Estimated
Expenses/Obligations	$993,680	$1,105,022	$939,193	$953,433	$978,890	$1,071,065	$1,078,520
Budget Activity Total	**$993,680**	**$1,105,022**	**$939,193**	**$953,433**	**$978,890**	**$1,071,065**	**$1,078,520**
Full-time Equivalents (FTE)	**3,498**	**3,434**	**3,289**	**3,202**	**3,073**	**3,130**	**3,130**

Measure	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2021 Target	FY 2022 Target	FY 2023 Target
Percentage of National Banks and Federal Savings Associations with Composite CAMELS Rating 1 or 2	94	96	96	96	96	90	90	90
Percentage of National Banks and Federal Savings Associations That Are Categorized as Well Capitalized	97	95	98	95	99	95	95	95
Percentage of National Banks and Federal Savings Associations with Consumer Compliance Rating of 1 or 2	97	98	98	98	98	94	94	94
Rehabilitated National Banks and Federal Savings Associations as A Percentage of Problem National Banks One Year Ago (CAMEL 3,4, or 5)	40	44	15	23	28	40	Disc	Disc
Total OCC Costs Relative to Every $100,000 in Bank and Federal Savings Associations Assets Regulated ($)	9.49	9.12	8.07	7.78	6.79	7.71	7.37	7.37

Key: DISC- Discontinued

Supervise Budget and Performance
($1,078,521 from revenue/offsetting collections):
An effective supervision program is the cornerstone of the OCC's activities that support its strategic goals. Specifically, the Supervise Program consists of ongoing supervision and enforcement activities that directly support the OCC's strategic goal to foster a safe, sound, and fair system of national banks, federal savings associations and federal branches of foreign banks and agencies of foreign banks that is a source of economic strength and opportunity that meets the evolving needs of consumers, businesses, and communities. The condition and risk management practices of national banks and federal savings associations, and requiring corrective actions when weaknesses are found, directly supports Treasury's goal to promote financial stability. In FY 2021, the OCC took a number of enforcement actions, including imposition of large CMPs to address violations of the Bank Secrecy Act and Anti-Money Laundering requirements, and/or failure to maintain effective risk management programs for enterprise-wide risk management, compliance risk management, internal controls, or IT risk governance that are commensurate with the bank's size, complexity, and risk profile.

Description of Performance:
Percentage of National Banks and Federal Savings Associations with Composite CAMELS Rating of 1 or 2: The composite Capital Adequacy, Asset Quality, Management, Earnings, Liquidity, and Sensitivity (CAMELS) rating reflects the overall condition of a national bank or federal savings association. Bank regulatory agencies use the Uniform Financial Institutions Rating System, CAMELS, to provide a general framework for evaluating all significant financial, operational, and compliance factors inherent in a national bank or federal savings association. The rating scale is 1 through 5 of which 1 is the highest rating granted and represents the lowest supervisory risk. These CAMELS ratings are assigned at the completion of every supervisory cycle or when there is a significant event leading to a change in CAMELS.

The OCC established a target outcome measure that 90 percent of the institutions under its supervision have a composite CAMELS rating of 1 or 2. Such a rating is consistent with the strategic goal of a safe and sound banking system, that banks maintain adequate capital and liquidity and have strong risk management practices. As of December 31, 2021, 96 percent of national banks and federal savings associations earned composite CAMELS ratings of either 1 or 2. Degradation in CAMELS can reflect weaknesses in risk management systems that need corrective action. The OCC, consistent with Treasury's goals of boosting U.S. economic growth and promoting financial stability, has instructed bank examiners to identify and seek corrective action at the earliest stage to address potential problems or weaknesses. The OCC's primary focus is to ensure that CAMELS ratings are an accurate reflection of each institution's current financial position and risk controls, and thus the OCC would not prematurely restore a favorable CAMELS rating.

Percentage of National Banks and Federal Savings Associations that are Considered Well-Capitalized: The Federal Deposit Insurance Act established a system that classifies insured depository institutions into five categories (well capitalized, adequately capitalized, undercapitalized, significantly undercapitalized, and critically undercapitalized) based on their capital levels relative to their risks. The OCC established a target outcome measure that 95 percent of national banks and federal savings associations will meet or exceed the well-capitalized threshold. The OCC works closely with problem national banks and federal savings associations to develop rehabilitation plans. Such plans typically include directives to improve or restore capital levels. As of December 31, 2021, 99 percent of national banks and federal savings associations were classified as well capitalized.

Percentage of National Banks and Federal Savings Associations with Consumer Compliance Rating of 1 or 2: To ensure fair access to financial services and fair treatment of national bank and federal savings association customers, the OCC evaluates an institution's compliance with consumer laws and regulations. Bank regulatory agencies use the Uniform Financial Institutions Rating System, Interagency Consumer Compliance Rating, to provide a general framework for evaluating significant consumer compliance factors inherent in an institution. Each institution is assigned a consumer compliance rating based on an evaluation of its present compliance with consumer protection and civil rights statutes and regulations, and the adequacy of its operating systems designed to ensure continuing compliance. Ratings are on a scale of 1 through 5 of which 1 is the highest rating granted and represents the lowest risk for noncompliance. The target for FY 2022 is 94 percent. As of December 31, 2021, national banks and federal savings associations continue to show strong compliance with consumer protection regulations with 96 percent earning a consumer compliance rating of either 1 or 2. Under the Dodd-Frank Act, the OCC has enforcement and supervisory authority for those institutions with total assets of no more than $10 billion.

Rehabilitated National Banks and Federal Savings Associations: The OCC's early identification and intervention with problem financial institutions can lead to a successful rehabilitation. As of September 30, 2021, 28 percent of national banks and federal savings associations with composite CAMELS ratings of 3, 4, or 5 one year ago have improved their ratings to either 1 or 2 this year. In addition, there were no national bank or federal savings association failures in FY21. Moving forward, in conjunction with Treasury, OCC will discontinue this performance measure in FY22 and re-evaluate in FY23 with OCC's new Strategic Plan.

Total OCC Costs Relative to Every $100,000 in National Bank and Federal Savings Association Assets Regulated: The OCC measures the efficiency of its operations while meeting the increasing supervisory demands of a growing and more complex national banking system. The OCC costs are those reported as total program operating costs that include obligations incurred in each fiscal year. National bank and federal savings association assets are those reported quarterly by national banks and federal savings associations on the Reports of Condition and Income. Total national bank and federal savings association assets represent the growth and complexity of the financial institutions under the jurisdiction of the OCC. This measure supports the OCC's strategic goal of efficient use of agency resources. The OCC's ability to control its costs while ensuring the safety and soundness of national banks and federal savings associations benefits all national bank and federal savings association customers. As of September 30, 2021, total OCC cost relative to every $100,000 in assets regulated was $6.79 compared to the FY 2021 target of $7.71. The OCC continues to meet its efforts to ensure that resources are used prudently and that programs are carried out in a cost-effective manner ensuring that the OCC operates as efficiently and effectively as possible.

2.1.2 – Regulate Resources and Measures

Dollars in Thousands

Resource Level	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Estimated	FY 2022 Estimated
Expenses/Obligations	$92,151	$106,649	$93,323	$94,738	$105,202	$115,109	$115,910
Budget Activity Total	**$92,151**	**$106,649**	**$93,323**	**$94,738**	**$105,202**	**$115,109**	**$115,910**
Full-time Equivalents (FTE)	**324**	**331**	**327**	**318**	**330**	**336**	**336**

Regulate Budget and Performance

($115,910 from revenue/offsetting collections):
The Regulate Program supports the OCC's strategic goal of a vibrant and diverse system of national banks and federal savings associations that supports a robust U.S. economy. Specifically, the Regulate Program consists of ongoing activities that result in the establishment of regulations, policies, operating guidance, and interpretations of general applicability to national banks and federal savings associations. These regulations, policies, and interpretations may establish system-wide standards, define acceptable national banking and federal savings association practices, provide guidance on risks and responsibilities facing national banks and federal savings associations, or prohibit (or restrict) national banking or federal savings association practices deemed to be imprudent or unsafe. They also establish standards for ensuring fair access to financial services and fair treatment of national bank and federal savings association customers. This program includes establishing examination policies and handbooks; interpreting administrative, judicial, and congressional proceedings; and establishing the applicable legal and supervisory framework for new financial services and products.

Description of Performance:
The OCC has recently undertaken actions to reduce regulatory burden on and expand economic opportunity, including in response to the pandemic. The OCC took an important step towards strengthening and modernizing the Community Reinvestment Act (CRA) by issuing a final rule to rescind its June 2020 CRA rule and pledged to work with the other federal banking agencies to develop consistent framework across all banks that will encourage higher levels of responsible lending, investments, services, and greater community engagement, particularly focused on helping to meet the needs of low- and moderate-income and other underserved communities across the nation, including communities that have been disproportionately affected by the pandemic. The OCC, with its FFIEC counterparts, updated sections of the BSA/AML Examination Manual to improve the effectiveness and efficiency of the BSA/AML regime and reduce unnecessary burden on banks.

The OCC issued draft principles designed to support the identification and management of climate-related financial risks by large OCC-supervised institutions. The draft principles support banks' efforts to focus on key aspects of climate-related financial risk management and outline the OCC's initial supervisory expectations for climate-related financial risk management within existing OCC rules and guidance.

The OCC is approaching crypto-related activities in its regulated and supervised institutions with a high degree of caution and expects its supervised institutions to do the same. The OCC participated with the other Federal banking agencies in an interagency "policy sprint" on crypto-assets. The agencies issued a statement announcing several initiatives to provide greater clarity on permissibility, safety and soundness, consumer protection, and compliance with existing laws and regulations related to crypto-asset-related activities in which banks may engage.

2.1.3 Charter Resources and Measures

Dollars in Thousands

Resource Level	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Estimated	FY 2023 Estimated
Expenses/Obligations	$24,426	$24,033	$20,212	$20,519	$27,887	$30,513	$30,726
Budget Activity Total	**$24,426**	**$24,033**	**$20,212**	**$20,519**	**$20,887**	**$30,513**	**$30,726**
Full-time Equivalents (FTE)	**86**	**75**	**71**	**69**	**88**	**89**	**89**

Measure	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2021 Target	FY 2022 Target	FY 2023 Target
Percentage of Licensing Applications and Notices Completed within Established Timeframes	96	97	99	98	98	95	95	95

Charter Budget and Performance

($30,726 from revenue/offsetting collections):
The Charter Program consists of ongoing activities that result in the chartering of national banks and federal savings associations and the evaluation of the permissibility of structures and activities of national banks and federal savings associations and their subsidiaries. This includes the review and approval of new national bank and federal savings association charters, federal branches and agencies, mergers, acquisitions, conversions, business combinations, corporate reorganizations, changes in control, operating subsidiaries, branches, relocations, and subordinated debt issuances. By supporting the entry of new products and institutions into the financial system with a national charter in a manner consistent with safety and soundness, the Charter Program supports the OCC's strategic goals of assuring safety and soundness while allowing national banks and federal savings associations to offer a full competitive array of financial services.

<u>*Description of Performance:*</u>
Percentage of Licensing Applications and Notices Completed within Established Time Frames:
The OCC's timely and effective approval of corporate applications contributes to the nation's economy by enabling national banks and federal savings associations to complete various corporate transactions and introduce new financial products and services. Delays in providing prompt decisions on applications and notices can deprive a national bank or federal savings association of a competitive or business opportunity, create business uncertainties, or diminish financial results. Time frames have been established for completing each type of application and notice. As of December 31, 2021, the OCC completed 99 percent of national bank and federal savings association applications and notices within the required time frame, above the target of 95 percent.

C – Changes in Performance Measures

With the publication of Treasury's Strategic Plan for FY 2022-2026, OCC will work this year to baseline performance against the new strategic objectives. This could result in changes to performance measures in the FY 2024 budget.

Section III – Additional Information

A – Summary of Capital Investments

Modernizing the OCC's approach to bank supervision through standardizing data and information, reducing duplication of effort, and leveraging technology is an agency priority. A single supervisory platform will provide data, information, and analytics to OCC staff to assist in making better decisions, in near real time, to support the agency's mission.

The OCC Chief Information Officer's (CIO) strategy aligns information technology initiatives and investments to the OCC's core mission, including the development of new or enhanced applications and services and the disposition of redundant or "end-of-lifecycle" applications, capabilities, and services. The CIO strategy is implemented through the budget formulation and the Capital Planning and Investment Control processes. These processes ensure that all IT investments are aligned with the OCC's mission, goals, and objectives, before a project is funded. The OCC ensures funding and staff resources to address IT investment priorities and considers risk mitigation strategies for IT investments to ensure that they are meeting stated performance goals. Performance metrics are linked to the delivery, alignment, and achievement of the OCC's strategic program objectives to support evaluation of cost effectiveness for each investment.

FY 2022 and 2023 Plans - The OCC has 4 major IT initiatives in FY 2022 and 2023:

- *Server Support Services (SSS)* – The SSS supports the OCC's server Operations and Maintenance, including refreshes of End-of-Life hardware. The infrastructure staff continues to build out additional capacity and support server technology refresh, business resiliency, and enterprise storage capacity.
- *Telecommunications Services and Support (TSS)* – TSS includes telecommunications Wide Area Network (WAN) and Local Area Network (LAN) infrastructure. Remote access to the OCC systems is facilitated via a virtual private network and secure access to cloud services. This includes messaging services supporting highly mobile bank examiners and the OCC workforce. In FY 2022, the OCC will continue to refresh telecommunication infrastructure to increase capacity, maximize uptime, and ensure maintenance and security are maintained.
- *End User Services and Support (EUSS)* – EUSS includes help desk/customer service support, computer hardware and software operations and maintenance, mobile devices, printers, asset management, and desktop engineering and image management. In FY 2022, OCC will refresh mobile devices and begin the planning for the next computer refresh.
- *Cyber Security* (CS) – CS includes technologies, processes and practices aligned to protect networks, computers, programs and data from attack, damage, or unauthorized access. In alignment with Federal and Treasury requirements, the OCC has transitioned the Agency's systems and applications into Information System Continuous Monitoring and Ongoing Authorization. In FY 2022, the OCC will continue to deploy technologies to meet Cybersecurity Executive Orders and additional cloud-based services to minimize dependence on the OCC Data Center for critical network security and infrastructure services.

A summary of capital investments, including major information technology and non-technology investments, can be accessed at:
https://www.treasury.gov/about/budget-performance/Pages/summary-of-capital-investments.aspx.

International Programs

The Department of the Treasury's FY 2023 budget request for International Programs is included in the State, Foreign Operations, and Other Related Programs Appropriation.

Treasury's International Programs Justification of Appropriations can be found at the following: https://home.treasury.gov/about/budget-financial-reporting-planning-and-performance/budget-requestannual-performance-plan-and-reports/treasury-international-programs-justification-of-appropriations