**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

# U.S. Department of the Treasury
# FY 2023 Budget in Brief

## Summary of FY 2023 President's Budget



The information presented in the FY 2023 Budget in Brief is accurate and complete as of March 28, 2022. Any updates will be reflected in the budget available on the Department of the Treasury website, www.Treasury.gov.

# 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, multiyear 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.

## Departmental Offices Salaries and Expenses

### *Program Summary by Budget Activity*

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%** |

### *Summary*

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.

## *Budget Highlights*

Dollars in Thousands

| | FTE | Amount |
|---|---|---|
| **FY 2022 Annualized CR** | **740** | **$233,000** |
| **Changes to Base:** | | |
| Maintaining Current Levels (MCLs): | 0 | $9,728 |
| Pay Annualization (2.7% average pay raise) | 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 Evaluation | 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

## *Budget Adjustments*

**Adjustments to Request**

**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, and recommendations provided to Treasury since the FY 2022 President's Budget was submitted.

_Equity Assessment and Program Evaluation +$3,579,000 / +10 FTE_
This request provides funding to support Equity Assessment Recommendations within DO. It includes 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 equity equalization 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. Resources dedicated to analyzing equity in procurement and creating mechanisms to enable continuous identification of opportunities to increase awards to underserved communities as required in EO 13985.
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.
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 EOs 13985, 13988, and 14035.

*Treasury Attaché Program Expansion +$3,074,000 / +3 FTE*
The 2021 NDAA 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%-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, 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 in 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 the Office of Cybersecurity and Critical Infrastructure Protection 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.

*DO Cyber Infrastructure (Incident Response and Threat Protection) +$1,185,000 / +0 FTE*
The Department's forthcoming FY 2022 – 2026 Strategic Plan aligns cyber security 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 cyber security 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.

DO Investments 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.

*Facilities and Office Infrastructure +$2,543,000 / +0 FTE*
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.

### *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 as an administrative provision. Both the executive summary and budget appendix include the proposed language.*

### *Performance Highlights*

| Budget Activity | Performance Measure | FY 2019 Actual | FY 2020 Actual | FY 2021 Actual | FY 2022 Target | FY 2023 Target |
|---|---|---|---|---|---|---|
| International Affairs and Economic Policy | OTA - Program Engagement | 3.8 | 3.3 | 3.6 | 3.6 | 3.6 |
| Treasury-wide Management and Programs | Treasury-wide Leaders Lead Index of the Federal Employee Viewpoint Survey (FEVS) | 69 | 75 | 74 | 77 | 75 |
| Treasury-wide Management and Programs | Percent of Procurement Dollars Spent on Small Business | 40% | 46% | 39% | 39% | 39% |

### *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.

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.

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.

## Cybersecurity Enhancement Account

### *Program Summary by Budget Activity*

Dollars in Thousands

| Budget Activity | FY 2021 Operating Plan | FY 2022 Annualized CR | FY 2023 Request | FY 2022 to FY 2023 $ Change | FY 2022 to FY 2023 % Change |
|---|---|---|---|---|---|
| Cybersecurity Enhancement Account (CEA) | 18,000 | 18,000 | 215,000 | 197,000 | 1094.44% |
| **Subtotal, CEA** | **$18,000** | **$18,000** | **$215,000** | **$197,000** | **1094%** |
| Recovery from Prior Years | 1,500 | 2,000 | 2,000 | 0 | 0.00% |
| Unobligated Balances Brought Forward | 26,463 | 17,923 | 17,403 | (520) | -2.90% |
| **Total Program Operating Level** | **$27,963** | **$19,923** | **$19,403** | **($520)** | **100.00%** |
| Direct FTE | 4 | 10 | 21 | 11 | 110.00% |
| **Total Full-time Equivalents (FTE)** | **4** | **10** | **21** | **11** | **110.00%** |

### *Summary*

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.

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.

***Budget Highlights***

Dollars in Thousands

| | 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.

***Budget Adjustments***

**Non-Recurring Costs ………………………………………………..…. -$18,000,000 / -10 FTE**
This amount represents non-recurring initial investments.

**Program Increases ……………………………………………………+$215,000,000 / +21 FTE**
<u>Zero Trust Architecture Implementation +$86,452,000 / +9 FTE</u>
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.

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" system 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.

Security Logging Requirements +$23,329,000 / +0 FTE

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.

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.

Cloud Enterprise Investment +$22,500,000 / +0 FTE

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.

<u>Universal Encryption +$16,467,000 / +0 FTE</u>
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.

<u>Multi-Factor Authentication +$10,978,000 / +0 FTE</u>
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.

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 the implementation of MFA capabilities, 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 / +12 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)

Bureau Specific Investment +$12,224,000 / +3 FTE
*Cloud Adoption- Bureau of the Fiscal Service (Fiscal Service) +$9,674,000 / +0 FTE*
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.

*FISMA Assessment Readiness Team- Departmental Offices Salaries and Expenses (DO SE) $1,850,000 / +3 FTE*
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.

### ***Legislative Proposals***

The Cybersecurity Enhancement Account has no legislative proposals.

### ***Strategic Alignment***

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.

### *Performance Highlights*

| Performance Measure | FY 2019 Actual | FY 2020 Actual | FY 2021 Actual | FY 2022 Target | FY 2023 Target |
|---|---|---|---|---|---|
| Number of Major Incidents | 0 | 1 | 1 | 0 | 0 |
| Number of Reported Incidents | 152 | 280 | 246 | 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 | 100 | 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 | 57 | 80 | 80 | 75 | 75 |

### *Description of Performance*

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.

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. 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). 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% closure rate for associated findings and POAMs. 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.

## Department-wide Systems and Capital Investments Program

### *Program Summary by Budget Activity*

Dollars in Thousands

| Budget Activity | FY 2021 Operating Plan | FY 2022 Annualized CR | FY 2023 Request | FY 2022 to FY 2023 $ Change | FY 2022 to FY 2023 % Change |
|---|---|---|---|---|---|
| Department-wide Systems and Capital Investments Program (DSCIP) | $6,118 | $6,118 | $11,118 | $5,000 | 81.73% |
| **Total Program Operating Level** | **$6,118** | **$6,118** | **$11,118** | **$5,000** | **81.73%** |
| **Total Full-time Equivalents (FTE)** | **0** | **0** | **0** | **0** | **0.00%** |

### *Summary*

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, 25 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.

***Budget Highlights***

Dollars in Thousands

| | FTE | Amount |
|---|---|---|
| **FY 2022 Annualized CR** | **0** | **$6,118** |
| **Changes to Base:** | | |
| Maintaining Current Levels (MCLs): | 0 | $0 |
| 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** |

## Budget Adjustments

**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 risk of harm to Main Treasury employees and visitors and keeps Treasury from keeping compliance with life safety codes. This will 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 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. 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.

*Main Treasury Exterior Repairs +$4,000,000 / +0 FTE*

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.

This will fund 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.

Treasury Departmental Offices' (DO) existing repairs and improvements budget is only $450K, while the cost of maintaining historic office buildings of similar size to MT and FBB is approximately $2M in funding annually. This has the potential of creating health and safety issues regarding both air quality and structural integrity of the building itself.

*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.

### *Legislative Proposals*

DSCIP has no legislative proposals.

### *Description of Performance*

*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. 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 of 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.

*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.

## Terrorism and Financial Intelligence

### *Program Summary by Budget Activity*

Dollars in Thousands

| | FY 2021 | FY 2022 | FY 2023 | FY 2022 to FY 2023 | |
|---|---|---|---|---|---|
| Budget Activity | Operating Plan | Annualized CR | Request | $ Change | % Change |
| Terrorism and Financial Intelligence | $175,000 | $175,000 | $212,059 | $37,059 | 21.2% |
| **Subtotal, Organization Title** | **$175,000** | **$175,000** | **$212,059** | **$37,059** | **21.2%** |
| Offsetting Collections - Reimbursable | $8,280 | $10,500 | $10,500 | $0 | 0.00% |
| **Total Program Operating Level** | **$8,280** | **$10,500** | **$10,500** | **$0** | **0.0%** |
| Direct FTE | 551 | 561 | 624 | 63 | 11.2% |
| Reimbursable FTE | 35 | 41 | 41 | 0 | 0.0% |
| **Total Full-time Equivalents (FTE)** | **586** | **602** | **665** | **63** | **10.5%** |

FY 2021 Other Resources and Full-time Equivalents (FTE) reflect actuals.

### *Summary*

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, 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.

### *Budget Highlights*

Dollars in Thousands

| | FTE | Amount |
|---|---|---|
| **FY 2022 Annualized CR** | **561** | **$175,000** |
| **Changes to Base:** | | |
| Maintaining Current Levels (MCLs): | 0 | $6,567 |
| Pay Annualization (FY 2022 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** |

***Budget Adjustments***

**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 the prior year that supports technology investments and hiring and on-boarding +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.

Upgrade Treasury's Secure Space and Network Infrastructure +$2,281,000 / +0 FTE

The Department requests funding to upgrade the physical access control system for the Main Treasury Complex and to refresh Treasury Financial Intelligence Network (TFIN) servers, providing essential redundancy, including through use of hybrid cloud environments. The current access control system is not adequately protected due to antiquated infrastructure. 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.

Emerging Sanctions Programs +$3,186,000 / +13 FTE

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.

Develop Treasury's Secure Communications and Continuity Program +$672,000 / +2 FTE

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.

Kleptocracy Asset Recovery Rewards Pilot Program – Payments for Rewards +$1,650,000 / +0 FTE

The Fiscal Year 2021 National Defense Authorization Act (NDAA) directs the Treasury Department to create a Kleptocracy Asset Recovery Rewards Pilot Program to authorize payments to informants who aid in identifying stolen assets acquired through foreign corruption that fall under U.S. jurisdiction, with the goal of seizing, forfeiture or repatriation of those assets. This request provides the necessary funding for potential rewards payments to informants.

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 TFFC 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 improve TFIN's cybersecurity posture.

### *Legislative Proposals*

The Office of Terrorism and Financial Intelligence has no legislative proposals.

### *Performance Highlights*

| Budget Activity | Performance Measure | FY 2019 Actual | FY 2020 Actual | FY 2021 Actual | FY 2022 Target | FY 2023 Target |
|---|---|---|---|---|---|---|
| Terrorism and Financial Intelligence | 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 | 67% | 25% | 75% | 75% |
| Terrorism and Financial Intelligence | Designations and identifications released on time to the public without errors | N/A | 97% | 98% | 90% | 90% |
| Terrorism and Financial Intelligence | Respond to de-confliction requests received from law enforcement within 7 days | N/A | 88% | 97% | 91% | 91% |
| Terrorism and Financial Intelligence | Percent customer satisfaction with OIA products | N/A | Customer Satisfaction Surveys not conducted in FY 2020 due to the COVID-19 pandemic. | 70% | 74% | 74% |

### ***Description of Performance***

*Sanctions*

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.

*Sanctions Review*

Treasury began reviewing the authorities and processes surrounding financial sanctions to address emerging challenges resulting in a comprehensive sanctions review released in FY 2022/Q1 that provided key recommendations. 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 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. 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.

## Committee on Foreign Investment in the United States

### *Program Summary by Budget Activity*

Dollars in Thousands

| Budget Activity | FY 2021 Operating Plan | FY 2022 Annualized CR | FY 2023 Request | FY 2022 to FY 2023 $ Change | FY 2022 to FY 2023 % Change |
|---|---|---|---|---|---|
| Treasury CFIUS Activities | $15,000 | $15,000 | $15,000 | $0 | 0.0% |
| Other Member CFIUS Activities | $5,000 | $5,000 | $5,000 | $0 | 0.0% |
| Treasury Departmental Offices S&E | $22,661 | $22,494 | $25,611 | $3,469 | 15.4% |
| **Subtotal, CFIUS** | **$42,661** | **$42,494** | **$45,611** | **$3,469** | **8.2%** |
| Anticipated User Fees - CFIUS Fund | ($20,000) | ($20,000) | ($20,000) | $0 | 0.0% |
| **Total Program Operating Level** | **$22,661** | **$22,494** | **$25,611** | **$3,469** | **15.4%** |
| Direct FTE | 93 | 110 | 132 | 22 | 20.0% |
| **Total Full-time Equivalents (FTE)** | **93** | **110** | **132** | **22** | **20.0%** |

### *Summary*

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 to fund capital investments and staff to support Committee activities. The remaining $5 million will be available for transfer 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.

### *Budget Highlights*

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.

### *Budget Adjustments*

*Offsetting User Fees -$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.

### *Legislative Proposals*

CFIUS has no legislative proposals.

### *Performance Highlights*

| Budget Activity | Performance Measure | FY 2019 Actual | FY 2020 Actual | FY 2021 Actual | FY 2022 Target | FY 2023 Target |
|---|---|---|---|---|---|---|
| Committee on Foreign Investment in the United States (CFIUS) | Timely Review of CFIUS Cases | 100% | 100% | 100% | 100% | 100% |

### *Description of Performance*

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.

## Office of Inspector General

### *Program Summary by Budget Activity*

Dollars in Thousands

| | FY 2021 | FY 2022 | FY 2023 | FY 2022 TO FY 2023 | |
|---|---|---|---|---|---|
| Budget Activity | Operating Plan | Annualized CR | Request | $ Change | % Change |
| Audit | $29,324 | $30,521 | $32,198 | $1,677 | 5.49% |
| Investigations | $10,120 | $10,520 | $11,680 | $1,160 | 11.03% |
| **Subtotal, OIG** | **$39,444** | **$41,041** | **$43,878** | **$2,837** | **7%** |
| Offsetting Collections - Reimbursables | $9,000 | $12,000 | $12,000 | $0 | 10.00% |
| Reimbursable – SSBCI | $400 | $1,000 | $1,000 | $0 | 0.00% |
| Resources from Other Accounts | $8,000 | $10,959 | $10,122 | ($837) | -7.64% |
| **Total Program Operating Level** | **$17,400** | **$23,959** | **$23,122** | **$1,000** | **100%** |
| Direct FTE | 180 | 190 | 190 | 0 | 0.00% |
| **Total FTE** | **189** | **190** | **190** | **0** | **0.00%** |

FY 2021 Other Resources and Full-time Equivalents reflect actuals.
Additional appropriated resources were provided by the Consolidated Appropriations Act of 2021 and the American Rescue Plan Act of 2021 which are not included above:

1. $6.5 million for oversight, monitoring, and recoupment of the Emergency Rental Assistance program.
2. $3 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.

### *Summary*

The FY 2023 request for $43,878,000 for the Office of Inspector General (OIG) will be used to fund critical 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); Federal Deposit Insurance Act; Small Business Jobs Act of 2010; the Government Charge Card Abuse Protection Act of 2012; Resources and Ecosystems Sustainability, Tourist Opportunities, and Revived Economies of the Gulf Coast States Act of 2012 (RESTORE Act); the Coronavirus Aid, Relief, and Economic Security Act (CARES); the FY 2021 Consolidated Appropriations Act; and the American Rescue Plan Act (ARP). Specific mandates include (1) audits of the Department's financial statements, (2) audits and/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 and-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 the Gulf Coast Ecosystem Restoration Council (Council) established under the RESTORE Act. The highest risk programs and operations identified as the Council's management and performance challenges 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.

This year, 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.

### *FY 2023 Budget Highlights*

Dollars in Thousands

| Office of Inspector General | FTE | Amount |
|---|---|---|
| **FY 2022 Enacted** | **190** | **$41,041** |
| **Changes to Base:** | | |
| 2023 Maintaining Current Levels (MCLs): | 0 | 1,516 |
| Pay Annualization (2022 2.7% average pay raise) | 0 | 211 |
| Pay Raise (2023 4.6% average pay raise) | 0 | 1,083 |
| Non-Pay | 0 | 222 |
| **FY 2022 Current Services** | **190** | **$42,557** |
| Other Adjustments: | | |
| Adjustments to Meet Current Operating Levels | 0 | 1,321 |
| **FY 2023 President's Budget Request** | **190** | **$43,878** |

### *FY 2023 Budget Adjustments*

**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.

### *Legislative Proposals*

OIG has no legislative proposals.

### *Performance Highlights*

| Budget Activity | Performance Measure | FY 2019 Actual | FY 2020 Actual | FY 2021 Actual | FY 2022 Target | FY 2023 Target |
|---|---|---|---|---|---|---|
| Audit | Number of Completed Audit Products | 79 | 85 | 80 | 74 | 82 |
| Audit | Percent of Statutory Audits Completed by the Required Date | 100 | 100 | 100 | 100 | 100 |
| Investigations | Percentage of All Cases Closed During the Fiscal Year That Were Referred for Criminal/Civil Prosecution or Treasury Administrative Action | 80 | 91 | 100 | 80 | 80 |

### *Description of Performance*

The Office of Audit completed 80 audit products in FY 2021 and expects to complete 74 in FY 2022. In FY 2021, OA met its mandated audit requirements.

In keeping with the OIG's strategy to maintain a highly skilled and motivated workforce, the OIG plans and executes a meaningful body of work designed to help ensure the integrity, efficiency, and effectiveness of programs and operations across OIG's jurisdiction while looking for opportunities to improve them.

In FY 2021 the OIG exceeded the Investigative Performance Measure target, 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 2021 the Office of Investigations 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.

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.

Department of the Treasury (Treasury or the Department) 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.

The Office of Investigations 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, ensuring a high level of professionalism within the Inspector General community.

## Treasury Inspector General for Tax Administration

### *Program Summary by Budget Activity*

Dollars in Thousands

| Budget Activity | FY 2021 Operating Plan | FY 2022 Annualized CR | FY 2023 Request | FY 2022 to FY 2023 $ Change | FY 2022 to FY 2023 % Change |
|---|---|---|---|---|---|
| Audits | $64,851 | $64,851 | $67,491 | $2,640 | 4.07% |
| Investigations | $105,399 | $105,399 | $114,918 | $9,519 | 9.03% |
| **Subtotal, TIGTA** | **$170,250** | **$170,250** | **$182,409** | **$12,159** | **7.14%** |
| Offsetting Collections - Reimbursable | $502 | $700 | $700 | $0 | 0.00% |
| Unobligated Balances Brought Forward | $3,729 | $1,469 | $1,500 | $31 | 2.11% |
| **Total Program Operating Level** | **$4,231** | **$2,169** | **$2,200** | **$31** | **1.43%** |
| Direct FTE | 739 | 760 | 760 | 0 | 0.00% |
| Reimbursable FTE | 2 | 2 | 2 | 0 | 0.00% |
| **Total Full-time Equivalents (FTE)** | **741** | **762** | **762** | **0** | **0.00%** |

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.

### *Summary*

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. These resources will fund critical audit, investigative, and inspection and evaluation services to protect the integrity of the Nation's system of tax administration.

TIGTA's vision is to "maintain a highly skilled, proactive, and diverse Inspector General organization dedicated to working in a collaborative environment with key stakeholders to foster and promote fair tax administration." TIGTA will provide oversight in a number of critical areas including:

- Investigating unauthorized access to, and disclosure of, taxpayer information;
- Identifying opportunities to improve the administration of the Nation's tax laws, improve tax compliance, and achieve program efficiencies and cost savings;
- Evaluating the Internal Revenue Service's (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;
- Overseeing IRS efforts to implement tax law changes. Monitoring IRS efforts to timely process taxpayer correspondence and meet customer service demands. Assessing the IRS's efforts to address tax-related identity theft;
- Protecting the integrity of the IRS by effectively investigating individuals and groups who victimize senior citizens, other vulnerable Americans and the international IRS impersonation scam;
- Conducting advanced analytics and innovative approaches to help prevent and detect the flow of dollars fraudulently obtained by criminals;

- Enhancing taxpayer confidence in electronic Federal tax systems through investigation and prosecution of cyber criminals engaged in attacks against, and manipulation of, IRS taxpayer service portals as well as the IRS network;
- Improving the integrity of IRS operations by detecting and deterring waste, fraud, abuse, and misconduct, including the unauthorized disclosure of confidential taxpayer information by IRS employees; and
- Conducting comprehensive audits, inspections and evaluations that provide recommendations for achieving monetary benefits, addressing erroneous and improper payments, and enhancing the service the IRS provides to taxpayers.

TIGTA conducts audits that advise the public, Congress, the Secretary of the Treasury, and IRS management of high-risk issues, problems, and deficiencies related to the administration of IRS programs and operations. TIGTA's administrative and criminal investigations ensure the integrity of IRS employees, protect the IRS and its employees, and help the IRS protect and secure taxpayerdata. TIGTA's Office of Inspections and Evaluations provides responsive, timely, and cost- effective inspections and evaluations of challenging areas in IRS programs. TIGTA's oversight is essential to the efficiency and fairness of the IRS's tax administration system.

TIGTA's primary functions of audit, investigations, and inspection and evaluations align with the following Department of the Treasury FY 2022 – 2026 Strategic Plan goals:
Goal 1: Promote Equitable Economic Growth and Recovery;
Goal 2: Enhance National Security;
Goal 4: Combat Climate Change; and
Goal 5: Modernize Treasury Operations.

### *Budget Highlights*

Dollars in Thousands

| Treasury Inspector General for Tax Administration | 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** |

### *Budget Adjustments*

**Maintaining Current Levels…..............................................................+$6,619,000 / +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% in FY 2023) +$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.

### *Legislative Proposals*

TIGTA has no legislative proposals.

### *Performance Highlights*

| Budget Activity | Performance Measure | FY 2019 Actual | FY 2020 Actual | FY 2021 Actual | FY 2022 Target | FY 2023 Target |
|---|---|---|---|---|---|---|
| Audit | Percentage of Audit Product Delivered When Promised to Stakeholders | 84 | 79 | 93 | 70 | 70 |
| Audit | Percentage of New Audit Reports with Recommendations to Improve Tax Administration | N/A | N/A | B | 70 | 70 |
| Investigations | Percentage of Closed Investigations Resulting in a Criminal, Administrative, or Law Enforcement Action | 91 | 92 | 90 | 85 | 79 |

Key: N/A – Not Applicable; B – Baseline

### *Description of Performance*

- For FY 2021, the Office of Audit (OA) issued 81 audit reports and other products identifying approximately $16.0 billion in potential financial benefits.
- For FY 2021, the actual Percentage of Audit Products Delivered When Promised to Stakeholders was 93 percent. TIGTA exceeded the full-year target by 23 percentage points.
- For FY 2023, OA's performance targets are 70 percent of Audit Products Delivered When Promised to Stakeholders and 70 percent of New Audit Reports with Recommendations to Improve Tax Administration.
- During FY 2021, the annual inventory of investigative work increased by 14.8 percent. TIGTA initiated 26 investigations to detect systemic weaknesses or potential IRS program

vulnerabilities. TIGTA processed 7,425 complaints, opened 2,700 investigations, and closed 2,717 investigations in FY 2021. During this period, TIGTA referred 766 cases of employee misconduct to the IRS for action and 285 cases, of various types of investigations, were accepted for criminal prosecution.

- For FY 2021, the Percentage of Closed Investigations Resulting in a Criminal, Administrative, or Law Enforcement Action was 90 percent, which exceeded the full-year target of 85 percent by five percentage points.
- 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.

## Special Inspector General for TARP

### *Program Summary by Budget Activity*

Dollars in Thousands

| Budget Activity | FY 2021 Operating Plan | FY 2022 Annualized CR | FY 2023 Request | FY 2022 to FY 2023 $ Change | FY 2022 to FY 2023 % Change |
|---|---|---|---|---|---|
| Investigations | $16,550 | $16,150 | $7,850 | ($8,300) | -51.4% |
| Audit | $2,450 | $2,850 | $1,150 | ($1,700) | -59.6% |
| **Subtotal, SIGTARP** | **$19,000** | **$19,000** | **$9,000** | **($10,000)** | **-52.6%** |
| Resources from No Year Account | $3,000 | $3,000 | $7,500 | $4,500 | 150.00% |
| **Total Program Operating Level** | **$3,000** | **$3,000** | **$7,500** | **$4,500** | **100.00%** |
| Direct FTE | | | | | NA |
| Investigations | 65 | 59 | 40 | (19) | -32.2% |
| Audit | 9 | 9 | 5 | (4) | -44.4% |
| **Total Full-time Equivalents (FTE)** | **74** | **68** | **45** | **(23)** | **-33.8%** |

FY 2021 Other Resources and Full-time Equivalents (FTE) reflect actuals.

### *Summary*

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).

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**

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 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**

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.

### *Budget Highlights*

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 (2022 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** |

### *Budget Adjustments*

**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 / -23FTE

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.

## *Legislative Proposal*

**Hiring Authority Similar to Other Special IG's**

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.

## *Performance Highlights*

| Budget Activity | Performance Measure | FY 2019 Actual | FY 2020 Actual | FY 2021 Actual | FY 2022 Target | FY 2023 Target |
|---|---|---|---|---|---|---|
| Investigations | % of Cases Accepted for Consideration by Civil or Criminal Authorities Resulting in a Positive Final Outcome | 77 | 77 | 77 | 70 | 50 |
| Investigations | % of Cases Presented to Civil or Criminal Authorities within Eight Months of Being Opened | 75 | 75 | 71 | 65 | 50 |
| Investigations | % of Cases That are Joint Agency/Task Force Investigations | 76 | 86 | 90 | 70 | 60 |
| Audit | Number of Completed Audit Products Identifying Waste, Abuse, Mismanagement, Inefficiencies, or Referrals to Investigations Division (units) | 4 | 4 | 3 | 3 | 2 |

## *Description of Performance*

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. SIGTARP met its FY 2021 audit performance target with three products.

## Special Inspector General for Pandemic Recovery (SIGPR)

### *Program Summary by Budget Activity*

Dollars in Thousands

| Budget Activity | FY 2021 Operating Plan | FY 2022 Annualized CR | FY 2023 Request | FY 2022 to FY 2023 Nominal Change | % Change |
|---|---|---|---|---|---|
| Special Inspector General for Pandemic Recovery | $0 | $0 | $25,000 | $25,000 | NA |
| **Subtotal, SIGPR** | **$0** | **$0** | **$25,000** | **$25,000** | **NA** |
| Direct FTE | 35 | 38 | 66 | +28 | +73.7% |
| **Total Full-time Equivalents (FTE)** | **35** | **38** | **66** | **+28** | **+73.7%** |

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.

### *Summary*

The Special Inspector General for Pandemic Recovery (SIGPR) Fiscal Year (FY) 2023 annual budget request of $25,000,000 will enable SIGPR to continue critical and impactful audit and investigative services to protect the integrity of covered funds under the CARES Act with the fiduciary goal of identifying potential waste, fraud and abuse of government funded pandemic relief. SIGPR's FY 2022 Full-time Equivalent (FTE) projection reflects annualized levels based on current resources.

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 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.

In accordance with the *Government Performance and Results Act Modernization Act (GPRAMA)* of 2010, the Department of the Treasury is currently developing the FY 2022 – 2026 Departmental Strategic Plan. SIGPR published a Strategic Plan for FY 2021 - 2023 and will publish a new component plan that aligns bureau activities and priorities to the Department's in 2022.

By the end of FY 2021, during the worst pandemic in over a century resulting in socio-economic challenges, SIGPR succeeded in expeditiously establishing a workable near-term initial minimally operational baseline by bringing onboard 56 positions. SIGPR developed and executed a recruitment and hiring strategy, a procurement and acquisition plan, and an information technology capital plan; executed an occupancy agreement with the General Services Administration (GSA); developed a myriad of policies, procedures, and manuals to govern SIGPR's work in the key areas of audits, investigations, and critical mission support services.

In FY 2022, SIGPR has continued to diligently follow the facts through the Office of Audits (OA) and Investigations (OI), working collaboratively with other Offices of Inspectors General, the Pandemic Response Accountability Committee (PRAC) Fraud Task Force, the Department of Justice (DOJ) COVID-19 Fraud Enforcement Task Force, Financial Crimes Enforcement Network, and other Federal Offices of Inspector General and law enforcement agencies to uncover large-scale and far-reaching fraud, waste, and abuse of CARES program funds.

### *Budget Highlights*

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).

### Budget Adjustments
### Adjustments to Request
### 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.

### *Legislative Proposals*

SIGPR has no legislative proposals.

### *Performance Highlights*

| Budget Activity | Performance Measure | FY 2019 Actual | FY 2020 Actual | FY 2021 Actual | FY 2022 Target | FY 2023 Target |
|---|---|---|---|---|---|---|
| Audit and Investigations | Percentage of Audit Products Delivered to Stakeholders by the Due Date | NA | B | 100 | 67 | 67 |
| Audit and Investigations | Percentage of Audit Products Subjected to Implementation Reviews | NA | NA | B | 50 | 50 |

Key: NA- Not Available

### *Description of Performance*

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.

- 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.
- 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.

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.
In fiscal year 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.

Recent Office of Investigations accomplishments and initiatives build upon SIGPR's continued efforts to identify and pursue pandemic-relief fraud within its jurisdiction 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.
- 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; and
  - 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.

## Community Development Financial Institutions Fund

### *Program Summary by Budget Activity*

Dollars in Thousands

| | FY 2021 | FY 2022 | FY 2023 | FY 2022 to FY 2023 | |
|---|---|---|---|---|---|
| **Budget Activity** | **Operating Plan** | **Annualized CR** | **Request** | **$ Change** | **% Change** |
| Community Development Financial Institutions Fund Program | $165,000 | $165,000 | $215,383 | $50,383 | 30.54% |
| Economic Mobility Corps | $2,000 | $2,000 | $2,000 | $0 | 0.00% |
| Bank Enterprise Award Program | $26,000 | $26,000 | $26,000 | $0 | 0.00% |
| Native American CDFI Assistance Program | $16,500 | $16,500 | $21,500 | $5,000 | 30.30% |
| Administrative | $29,000 | $29,000 | $35,037 | $6,037 | 20.82% |
| Healthy Food Financing Initiative | $23,000 | $23,000 | $23,000 | $0 | 0.00% |
| Small Dollar Loan Program | $8,500 | $8,500 | $8,500 | $0 | 0.00% |
| **Subtotal, Organization Title** | **$270,000** | **$270,000** | **$331,420** | **$61,420** | **22.7%** |
| Offsetting Collections - Reimbursable | $1,186 | $1,250 | $1,350 | $100 | 8.00% |
| Recovery from Prior Years | $405 | $500 | $500 | $0 | 0.00% |
| Unobligated Balances Brought Forward | $13,569 | $218,045 | $28,000 | ($190,045) | -87.16% |
| **Total Program Operating Level** | **$15,160** | **$219,795** | **$29,850** | **($189,945)** | **100.00%** |
| Direct FTE | 82 | 82 | 89 | 7 | 8.54% |
| **Total Full-time Equivalents (FTE)** | **67** | **82** | **89** | **7** | **8.54%** |

### *Summary*

The FY 2023 Budget requests an appropriation of $331,420,000 for the Community Development Financial Institutions Fund (CDFI Fund) to administer the CDFI Fund's programs and oversee the existing portfolio of awards. The CDFI Fund supports Treasury's strategic goal of Boosting U.S. Economic Growth and Transforming Government-wide Financial Stewardship.

The CDFI Fund expands the availability of credit, investment capital, and financial services in distressed urban and rural communities and for underserved populations. The CDFI Fund carries out the Community Development Banking and Financial Institutions Act of 1994, as well as certain programmatic provisions of the Community Renewal Tax Relief Act of 2000, the Housing and Economic Recovery Act of 2008 (HERA), the Small Business Jobs Act of 2010, and the Coronavirus Response and Relief Supplemental Appropriations Act, 2021 (P. L. 116-260) that provided $3 billion for emergency support for Community Development Financial Institutions (CDFIs) and communities responding to the COVID-19 pandemic. In the spring of FY 2021, $1.25 billion of these funds were awarded 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. In FY 2023, the CDFI Fund will award the remaining $1.75 billion under the Minority Lending Program to CDFIs to expand their lending, grant making and investments activity in low- or moderate-income minority communities and to minorities that have significant unmet capital or financial service needs.

The CDFI Fund supports the creation and expansion of diverse CDFIs, which provide loans, investments, business counseling, basic banking services, and financial literacy training to underserved communities. Working primarily through CDFIs, the CDFI Fund facilitates business development, commercial real estate, housing development and home ownership. The CDFI Fund's activities leverage billions of private sector investment dollars from banks, foundations, and other funding sources on a cumulative basis.

The FY 2023 Budget proposes funding for the CDFI Program and the Native American CDFI Assistance (NACA) Program, the Bank Enterprise Award Program, the Small Dollar Loan Program, the Economic Mobility Corps, and the Healthy Food Financing Initiative (HFFI). Treasury's request also includes funding for the administration, operational support, and management associated with these programs, the New Markets Tax Credit (NMTC) Program, and the CDFI Bond Guarantee (BG) Program.

### *Budget Highlights*

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** |

### *Budget Adjustments*

**Program Increases**

***CDFI Program +$50,383,000 / +0 FTE***

This increase will result in larger Financial Assistance (FA) awards and will support Small and/or Emerging Community Development Financial Institutions Assistance applicants, providing more funding for capacity building grants through the Technical Assistance (TA) awards component.

***NACA Program +$5,000,000 / +0 FTE***

This increase will result in larger FA awards, as well as be used to increase participation by Native communities by improving technical assistance and capacity building for Native CDFIs.

***Administration +$6,037,000 / +7 FTE***

This increase will allow the CDFI Fund to focus on hiring, data collection and infrastructure needs that have been deferred in past years due to budget constraints.

### *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% of AMI and up to 150% 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.

### *Performance Highlights*

| Budget Activity | Performance Measure | FY 2019 Actual | FY 2020 Actual | FY 2021 Actual | FY 2022 Target | FY 2023 Target |
|---|---|---|---|---|---|---|
| Community Development Financial Institutions Program | CDFI - Percentage of Loans & Investments Originated in Eligible Distressed or Underserved Communities by Dollar Amount of Loans (Annual %) | 75.6 | 75.0 | 71.4 | 60.0 | 60.0 |
| Administration | All Award Cycle Time (Months) | 6.4 | 5.5 | 5.6 | 6.5 | 6.5 |
| Administration | ALL- Number of Affordable Housing Units Developed or Produced | 61,839 | 44,361 | 58,125 | I | I |
| New Markets Tax Credit Program | NMTC - Percentage of Loans and Investments That Went Into Severely Distressed Communities | 80.3 | 77.2 | 77.0 | 75.0 | 75.0 |

Key: I – Indicator

### *Description of Performance*

For the FY 2021 CDFI Program round, the CDFI Fund awarded $140.8 million in Base FA and TA awards to 422 organizations. The CDFI Fund also awarded $18.6 million in PPC-FA to 125

CDFIs specifically to serve Persistent Poverty Counties nationwide. In addition, the CDFI Fund awarded $23 million in HFFI-Financial Assistance to 10 CDFIs, as well as $6 million in Disability Funds-Financial Assistance awards to 14 CDFIs to help finance projects and services to assist individuals with disabilities.

In 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.

In the 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. 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.

**Highlights of Select Performance Measures**
In the FY 2021, the CDFI Program surpassed the 60.0% threshold for the percentage of both the dollar amount (71.4%) and the number of CDFI loans (75.7%) made to eligible distressed communities and underserved populations.

In FY 2021, the NMTC Program recipients reported that over 77.0% of NMTC investments made were in severely distressed areas. These are communities with low median incomes and high rates of poverty and unemployment.

The All Award Cycle Time metric is an efficiency measure of 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, surpassing 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 FY2021 round application reviews. For 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 such as the Minority Lending Program (MLP).

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 developed or produced as a result of CDFI Fund program awards. This performance measure has been converted to an indicator beginning with FY 2021 because of the variability in projecting annually the number of affordable housing units funded for three programs made it difficult to project a reliable target.

## Financial Crimes Enforcement Network

### *Program Summary by Budget Activity*

Dollars in Thousands

| Budget Activity | FY 2021 Operating Plan | FY 2022 Annualized CR | FY 2023 Request | FY 2022 to FY 2023 $ Change | FY 2022 to FY 2023 % Change |
|---|---|---|---|---|---|
| BSA Administration and Analysis | $126,963 | $126,963 | $210,330 | $83,367 | 65.66% |
| **Subtotal, Organization Title** | **$126,963** | **$126,963** | **$210,330** | **$83,367** | **66%** |
| Reimbursable | $1,941 | $3,500 | $3,500 | $0 | 0.00% |
| Recoveries from Prior Years | $2,337 | $0 | $0 | $0 | NA |
| Unobligated Balances Brought Forward | $29,444 | $19,704 | $2,817 | ($16,887) | -85.70% |
| Transfers In/Out (TEOAF) | $6,728 | $22,500 | $6,250 | ($16,250) | -72.22% |
| **Total Program Operating Level** | **$40,450** | **$45,704** | **$12,567** | **($33,137)** | **100.00%** |
| Direct FTE | 269 | 285 | 420 | 135 | 47.37% |
| Reimbursable FTE | 2 | 3 | 3 | 0 | 0.00% |
| **Total Full-time Equivalents (FTE)** | **271** | **288** | **423** | **135** | **46.88%** |

### *Summary*

The mission of the Federal Crimes Enforcement Network (FinCEN) is 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. FinCEN is the primary Federal regulator and the administrator for the Bank Secrecy Act (BSA), which is part of the comprehensive legal architecture in the fight against money laundering and its related crimes. FinCEN plays two key roles in the U.S. financial regulatory, anti-money laundering and countering the financing of terrorism framework:

- First, FinCEN is the primary regulator and the administrator of the BSA, which is part of the comprehensive legal architecture in the fight against money laundering and its related crimes. FinCEN, through its administration of the BSA, is a global leader in both regulating money transmission, including that involving convertible virtual currency and has taken action against its illicit use.
- Second, FinCEN is the Financial Intelligence Unit, or FIU, of the United States.

The January 1, 2021 enactment of the Anti-Money Laundering Act of 2020, or AMLA, included the Corporate Transparency Act (CTA), which establishes uniform beneficial ownership reporting requirements for corporations, LLCs, and other similar legal entities. Essentially, the CTA requires FinCEN to create the United States' first-ever corporate registry. The AMLA also requires several significant rulemakings, numerous Congressional reports and assessments, and specific programs that require extensive resources.

The FY 2023 President's Budget requests additional resources totaling $83,367,000 above 2021 enacted, including for the implementation of the 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 in the Office of Chief Counsel.

## *Budget Highlights*

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** |

## *Budget Adjustments*

**Adjustments to Request**

**Maintaining Current Levels (MCLs).........................................................+$5,401,000 / +0 FTE**

Pay Annualization (2.7%) +462,000 / +0 FTE

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

Pay Raise (4.6% in FY 2023) +$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 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.

Timely and effective AMLA and CTA implementation will be challenging and continues to be FinCEN's top priority, and we are working diligently with our industry partners and law enforcement and regulatory stakeholders to implement these numerous provisions to further the national security and innovative strength of the United States and protect the American people.

Increase Office of Chief Counsel Staff +$2,720,000 / +10 FTE
The Office of Chief Counsel staff increase commensurate with FinCEN's workload.

### *Legislative Proposals*

FinCEN has no legislative proposals.

### *Performance Highlights*

| Budget Activity | Performance Measure | FY 2019 Actual | FY 2020 Actual | FY 2021 Actual | FY 2022 Target | FY 2023 Target |
|---|---|---|---|---|---|---|
| BSA Administration and Analysis | Percentage of Domestic Law Enforcement and Regulators Who Assert Queried BSA Data Led to Detection and Deterrence of Illicit Activity (%) | 92 | 90 | 93 | 90 | 90 |
| BSA Administration and Analysis | Percentage of Users Satisfied with FinCEN Information Sharing Systems (%) | 89 | 88 | 87 | 85 | 85 |

### *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.

## Alcohol and Tobacco Tax and Trade Bureau

### *Program Summary by Budget Activity*

Dollars in Thousands

| Budget Activity | FY 2021 Operating Plan [1] | FY 2022 Annualized CR | FY 2023 Request | FY 2022 to FY 2023 $ Change | FY 2022 to FY 2023 % Change |
|---|---|---|---|---|---|
| Collect the Revenue | $57,526 | $57,526 | $77,821 | $20,295 | 35.28% |
| Protect the Public | $66,811 | $66,811 | $73,042 | $6,231 | 9.33% |
| **Subtotal, TTB** | **$124,337** | **$124,337** | **$150,863** | **$26,526** | **21.33%** |
| Reimbursable and Offsetting Collections [2] | $7,072 | $7,880 | $7,880 | $0 | 0.00% |
| Unobligated Balances from Prior Years [3] | $4,611 | $4,824 | $4,450 | ($374) | -7.75% |
| Transfers In/Out [4] | $1,087 | $838 | $0 | ($838) | NA |
| **Total Program Operating Level** | **$137,107** | **$137,880** | **$163,194** | **$25,314** | **18.36%** |
| Direct FTE | 487 | 508 | 548 | 40 | 7.87% |
| Reimbursable FTE | 14 | 12 | 12 | 0 | 0.00% |
| **Total Full-time Equivalents (FTE)** | **501** | **520** | **560** | **40** | **7.69%** |

[1]FY 2021 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 prior two-year set aside funding for trade practice enforcement and recoveries of 50 percent in unobligated balances from prior one-year funding.
[4]Actual obligations (FY 2021) and approved allocation (FY 2022) from TEOAF Secretary's Enforcement Fund & Strategic Support transfers.

### *Summary*

The Alcohol and Tobacco Tax and Trade Bureau (TTB) serves as the nation's primary Federal authority in the taxation and regulation of the alcohol and tobacco industries. TTB is responsible for the administration and enforcement of the Internal Revenue Code (IRC) provisions for excise taxes on alcohol, tobacco, firearms, and ammunition, and the Federal Alcohol Administration (FAA) Act, which provides for the regulation of the alcohol beverage industry to protect U.S. consumers and ensures a fair and competitive marketplace for U.S. businesses.

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. In FY 2023, 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, issuing clear and timely industry guidance, and modernizing its online filing systems.

At the FY 2023 funding level, TTB will continue to make critical investments in online filing systems as part of its multi-year information technology (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.

Additionally, in FY 2023, TTB's mission will 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 stand up the new claims program to provide importers the CBMA tax benefits. The FY 2023 request supports the development and maintenance of custom 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.

### *Budget Highlights*

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** |

### *Budget Adjustments*

**Adjustments to Request**

**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 / +0 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. Starting in January 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.

### *Legislative Proposals*

TTB has no legislative proposals.

## *Performance Highlights*

| Budget Activity | Performance Measure | FY 2019 Actual | FY 2020 Actual | FY 2021 Actual | FY 2022 Target | FY 2023 Target |
|---|---|---|---|---|---|---|
| Collect the Revenue | Amount of Revenue Collected Per Program Dollar ($) | 339 | 380 | 375 | I | I |
| Collect the Revenue | Voluntary Compliance from Large Taxpayers - Overall (%) | 91 | 91 | 93 | 95 | 95 |
| Collect the Revenue | *By Payment* | 99 | 99 | 99 | - | - |
| Collect the Revenue | *By Tax Return* | 84 | 84 | 87 | - | - |
| Collect the Revenue | *By Operational Report* | 83 | 83 | 87 | - | - |
| Collect the Revenue | Electronically Filed Tax Returns - Pay.gov (%) | 41 | 43 | 48 | 60 | 65 |
| Collect the Revenue | Electronically Filed Operational Reports - Pay.gov (%) | 42 | 46 | 50 | 60 | 65 |
| Collect the Revenue | Claims Processed within Service Standard (30-45 days) (%) 1/ | | | 71 | 85 | 85 |
| Protect the Public | Permit Applications Processed within Service Standards (75 days) (%) | 58 | 84 | 92 | 85 | 85 |
| Protect the Public | Alcohol Beverage Label and Formula Applications Processed within Service Standards (15 days) (%) 2/ | 48 | 83 | 92 | 85 | 85 |
| Protect the Public | Initial Error Rate for Permit Applications (%) | 71 | 62 | 67 | 25 | 25 |
| Protect the Public | Initial Error Rate for Label and Formula Applications (%) | 37 | 34 | 31 | 25 | 25 |
| Protect the Public | Electronically Filed Permit Applications (%) | 89 | 92 | 95 | 95 | 95 |
| Protect the Public | Electronically Filed Label and Formula Applications (%) | 99 | 99 | 100 | I | I |
| Protect the Public | Customer Satisfaction Rate with eGov Systems - Permits Online (%) | 68 | 78 | 79 | 80 | 80 |
| Protect the Public | Customer Satisfaction Rate with eGov Systems - COLAs Online (%) | 77 | 80 | 83 | 80 | 80 |
| Protect the Public | Customer Satisfaction Rate with eGov Systems - Formulas Online (%) 3/ | 70 | 73 | 80 | 80 | 80 |

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.
2/ 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.
3/ Results represent beverage alcohol filers only (nonbeverage alcohol formula submissions are excluded).

## *Description of Performance*

In FY 2021, TTB met or exceeded the performance targets for 10 of its 15 performance measures. TTB also monitored performance through several key indicators that support data-driven decision making across TTB's strategic goals. Across its performance measures, TTB made substantial improvements in FY 2021 in key service and operational measures, with most exceeding target or trending in a positive direction by year-end, demonstrating TTB's effective strategies to drive improved service and compliance across the industries that TTB regulates. To meet its performance goals in FY 2023, TTB will implement an aggressive strategic agenda that integrates policy updates, process improvements, and modern technology, as well as data-driven outreach and enforcement.

TTB's Collect the Revenue budget activity includes all tax processing, verification, enforcement, and outreach efforts related to administering the Federal excise tax on alcohol, tobacco, firearms, and ammunition products. In ensuring 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. In
FY 2021, TTB collected excise taxes totaling $20.3 billion, comprised of $10.8 billion for tobacco products, $8.4 billion for alcohol beverage products, and $1.1 million for firearms and ammunition.

The investments in the Collect the Revenue activity resulted in the following performance highlights and accomplishments during FY 2021:

- TTB collected $20.3 billion in excise taxes and other revenues from a tax base of nearly 37,000 taxpayers in the alcohol, tobacco, firearms, and ammunitions industries. In FY 2021, TTB returned $375 for every dollar invested in its tax collection activities.
- Electronically filed tax returns and operational reports trended positively in FY 2021, although still roughly half of TTB tax submissions are submitted to TTB via Pay.gov, the current online system for electronic submissions. High rates of paper filings make compliance monitoring and fraud detection more difficult and costly, and have a higher environmental impact. The IT system modernization investment requested for FY 2023 will support system improvements that will drive increased electronic tax filing rates, and should result in more accurate, timely, and complete submissions as well as improved access to data for tax verification.
- TTB made progress in reversing the declining filing compliance trend for its large taxpayers, defined as those with $50,000 or more in annual tax liability. Given the revenue exposure, TTB set a high target for filing compliance for its largest taxpayers at 95 percent. In FY 2021, TTB achieved an overall compliance rate of 93 percent from its large taxpayers in meeting all tax filing requirements, up from 91 percent last year. Payment compliance rates remained high, at over 99 percent, indicating that the majority of reported liabilities are paid on time. Compliance rates for both tax returns and operational reports increased to 87 percent, up roughly 3-4 percent over last year. These filings provide important information for tax verification and fraud detection, and require continued focus to improve compliance through FY 2023. Late filings represent a significant portion of the compliance violations, and TTB plans to focus on effective strategies to address non-compliance that undermines the level playing field – particularly critical for the small producers who comprise the majority of TTB taxpayers. The FY 2023 request supports the IT system and analytics enhancements that would enable TTB to more efficiently detect and address these issues.
- Additionally, in FY 2023, TTB's mission will expand to include a new import claims program. CBMA, as amended, transfers jurisdiction for import-related provisions from CBP to Treasury as of January 1, 2023. 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 funding supports the development and maintenance of custom 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. TTB is adding a new measure of claims processed within service standards to monitor its ability to timely issue refund claims across all claims types. TTB's ability to quickly and accurately issue tax refunds fills a critical business need, particularly for those potentially experiencing cash flow issues during the pandemic. 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.

TTB's Protect the Public 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 the 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.

The investments in the Protect the Public activity resulted in the following performance highlights and accomplishments during FY 2021:

- TTB received over 195,000 label applications and 28,000 formula applications for new alcohol and beverage product approvals. Federal law prohibits the import or domestic bottling of an alcohol beverage without an approved Certificate of Label Approval (COLA), making this service integral to U.S. businesses and economic recovery priorities. Even as submission volume increased to at or above pre-COVID levels, TTB performance improved in FY 2021. TTB ended the year at 93 percent of label applications meeting the 15-day service standard, exceeding its 85 percent target. This was achieved through effective monitoring and management of the application backlog combined with strategic workforce deployment in response to submission fluctuations. By 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 85 percent target.
- TTB received approximately 8,300 applications for a Federal permit or registration, and qualified approximately 7,100 new businesses, predominantly small businesses. A TTB permit or registration is required before a business can lawfully operate in the alcohol and tobacco industries, and TTB ensures a fair and lawful marketplace by screening permit applicants to ensure only qualified persons engage in operations. In FY 2021, TTB made significant advances in its priority performance goal to timely issue permits to qualified applicants. With submission volume down, and through continued process improvements, TTB was able to reduce backlogs and accelerate service levels. Across permit types, TTB reduced average approval times to 34 days in FY 2021, down 65 percent since TTB established its priority goal in FY 2018. Additionally, TTB surpassed its priority goal target to issue permits within the 75-day service standard for 85 percent of applicants, achieving 92

percent by year-end. TTB achieved these performance improvements using new analytic tools to support more effective workload management and oversight.

- TTB made significant progress in reducing the error rate on initial permit, label, and formula applications, a critical strategy to maintaining timely service, although performance remains well above the targeted rate of 25 percent, at 67 percent for permit applications and 31 percent for label and formula applications. Improvements in FY 2021 were driven by system enhancements and online guidance, as well as internal training, and guided by ongoing analysis of high frequency errors. Performance in permitting is expected to continue to improve following recent enhancements to the Permits Online system and completion of planned rulemakings to implement broader changes to TTB permit applications. At the FY 2023 funding level, TTB will also continue to pursue system-based validations and user guidance to reduce label and formula application errors.
- System enhancements to date have resulted in high rates of customer satisfaction with TTB's eGov systems. TTB monitors user satisfaction with the process of submitting an application through its eGov 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. 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 planned system improvements funded at the FY 2023 request level, combined with regular review of survey feedback, will help TTB to exceed its user satisfaction target of 80 percent and continue to attract users to its online systems to maintain high electronic filing rates.

## Bureau of the Fiscal Service

### *Program Summary by Budget Activity*

Dollars in Thousands

| Budget Activity | FY 2021 Operating Plan | FY 2022 Annualized CR | FY 2023 Request | FY 2022 to FY 2023 $ Change | FY 2022 to FY 2023 % Change |
|---|---|---|---|---|---|
| Accounting and Reporting | $96,472 | $89,482 | $98,158 | $8,676 | 9.7% |
| Collections | $41,109 | $43,596 | $48,020 | $4,424 | 10.1% |
| Payments | $123,190 | $123,697 | $132,576 | $8,879 | 7.2% |
| Retail Securities Services | $59,312 | $64,244 | $67,816 | $3,572 | 5.6% |
| Wholesale Securities Services | $25,486 | $24,550 | $25,915 | $1,365 | 5.6% |
| Matured Unredeemed Debt | $25,000 | $25,000 | $0 | ($25,000) | -100.0% |
| **Subtotal, Bureau of Fiscal Service** | **$370,569** | **$370,569** | **$372,485** | **$1,916** | **0.5%** |
| Reimbursable | $224,642 | $208,823 | $185,149 | ($23,674) | -11.3% |
| Debt Collection Fund | $165,538 | $187,363 | $199,236 | $11,873 | 6.3% |
| Unobligated Balances Brought Forward | $137,952 | $202,056 | $188,713 | ($13,343) | -6.6% |
| **Total Program Operating Level** | **$898,701** | **$968,811** | **$945,583** | **($23,228)** | **-2.4%** |
| Direct FTE | 1,922 | 1,866 | 1,896 | 30 | 1.6% |
| Reimbursable FTE | 15 | 9 | 9 | 0 | 0.0% |
| **Total Full-time Equivalents (FTE)** | **1,937** | **1,875** | **1,905** | **30** | **1.6%** |

Note: FY 2021 Other Resources and Full-time Equivalents (FTE) reflect actuals. Tables does not include supplemental funding provided under the Coronavirus Aid, Relief, and Economic Security (CARES) Act (P.L.116-136) and the American Rescue Plan (ARP)(P.L.117-2). Unobligated balances do not include CARES and ARP. Matured Unredeemed Debt funding remains available and unexpended. Also, the 2023 Budget Appendix includes a separate presentation for the Debt Collection Fund.

### *Summary*

The FY 2023 request for the Fiscal Service is $372.485 million. The Budget ensures the viability of the Government's National Financial Critical Infrastructure (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. Fiscal Service has planned a reorganization to better position itself for the future and translate the goals of Treasury's strategic plan as well as the Bureau's Vision for the Future of Federal Financial Management into organizational capabilities. 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.

### *Budget Highlights*

Dollars in Thousands

| | FTE | Amount |
|---|---|---|
| **FY 2022 Annualized CR** | **1,559** | **$370,569** |
| **Changes to Base:** | | |
| 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: | 2 | $7,700 |
| Quality Service Management Office[1] | 2 | $3,700 |
| Fraud Prevention and Equitable Debt Collection Initiatives | 0 | $4,000 |
| **FY 2023 President's Budget Request** | **1,561** | **$372,485** |

[1]Included in the FY 2022 President's Budget.

### *Budget Adjustments*

**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 / +0FTE
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 / -0FTE
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).

## *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.

### *Performance Highlights*

| Budget Activity | Performance Measure | FY 2019 Actual | FY 2020 Actual | FY 2021 Actual | FY 2022 Target | FY 2023 Target |
|---|---|---|---|---|---|---|
| Accounting and Reporting | Percentage of Government-wide Accounting Reports Issued Timely (%) | 99.6 | 100.0 | 100.0 | 99.0 | 99.0 |
| Collections | Percentage of Total Federal Government Receipts Settled Electronically (%) | 98.4 | 99.0 | 99.6 | 99.0 | 99.0 |
| Payments | Percentage of Treasury Payments Made Electronically (%) | 95.6 | 96.0 | 96.2 | 96.4 | 96.6 |
| Payments | Count of Improper Payments Identified or Stopped (# in Thousands) | 22.4 | 22.8 | 23.8 | 22.5 | 23.6 |
| Payments | Dollar Amount of Improper Payments Identified or Stopped ($ Millions) | 41.1 | 43.5 | 47.6 | 38.8 | 40.7 |
| Retail Securities Services | Percentage of Retail Customer Service Transactions That Are Unassisted (%) | 69.0 | 70.0 | 63.0 | 72.0 | 73.0 |
| Wholesale Securities Services | Percentage of Auction Results Released Accurately (%) | 98.8 | 100.0 | 100.0 | 100.0 | 100.0 |
| Wholesale Securities Services | Percentage of Auctions Successfully Completed by the Scheduled Close Date (%) | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| Debt Collection | Amount of Delinquent Debt Collected Through A11 Available Tools ($ Billions) | 9.7 | 10.7 | 5.0 | 5.3 | 7.6 |
| Debt Collection | Amount of Delinquent Debt Collected Through A11 Available Referred ($ Billions) | 14.3 | 15.7 | 15.9 | 15.0 | 13.9 |
| Debt Collection | Percentage of the Active Delinquent Debt Portfolio Collected (%) | 9.2 | 7.3 | 7.0 | 6.7 | 6.5 |

### *Description of Performance*

**Accounting and Reporting:** 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. 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. 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, modernize analytics capabilities across the Bureau, and improve the audit and reporting process for Federal agencies.

**Collections:** Fiscal Service administers the world's largest Government collections system through a network of Fiscal and Financial Agents. In FY 2021, Fiscal Service collected nearly $4.91 trillion in Federal revenue, settling 99.6 percent of the funds electronically. This is an increase over the electronic settlement rate of 99 percent 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.). In FY 2023, Fiscal Service will continue to promote electronic alternatives and assist Federal agencies in converting collections from paper to electronic media and streamline lockbox networks which process paper-based payments and forms, which supports the Administration's climate priority and

Treasury Strategic Objectives 3.3 (Financial Innovation) and 4.4 (Sustainable Treasury Operations).

**Payments:** Fiscal Service 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. 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 without 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 Advance Child Tax Credit 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 percent increase in the number of payments disbursed. In FY 2021, Fiscal Service securely disbursed 1.7 billion payments, totaling $6.4 trillion; of these totals, EIP2, EIP3, and CTC payments accounted for more than 428 million payments to individuals, totaling $593 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 percent reduction. Additionally, collaborating with the IRS, Fiscal Service increased the IRS Tax Refund electronic rate from 77 percent in 2019 to 80.3 percent in 2021. This increase in electronic payments resulted in faster, more secure, and significantly fewer payment issues or exceptions for the public.

In FY 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. 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.

**Retail Securities Services:** 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. 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. In FY 2021, Retail Securities saw a decline in the percentage of unassisted retail customer service transactions, with 63 percent unassisted during the fiscal year, significantly lower than the 71 percent 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 result of the COVID-19 pandemic.

Retail Securities 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 percent 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 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.

**Wholesale Securities Services:** Fiscal Service finances daily Government operations by overseeing the announcement, auction, and issuance of marketable Treasury bills, notes, bonds, floating rate notes, and inflation-protected securities through reliable, accurate, and secure electronic systems. 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, 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. 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.

**Debt Collection:** 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. 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 deciding to extend 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 the Treasury Offset Program (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. 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.

# Internal Revenue Service

## *Program Summary by Budget Activity*

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.

## *Summary*

The IRS FY 2023 budget request is $14.1 billion, $2.2 billion (18.3 percent) more than the FY 2022 annualized continuing resolution level of $11.92 billion.

The Budget includes total program increases totaling $1.31 billion that includes resources for the following categories: Putting Taxpayers First ($320.17 million); Ensure Fairness of the Tax System ($469.25 million), Enhance Taxpayer Service ($389.11 million), IT Modernization ($78.14 million), Critical IT Operations ($39.52 million), and Reaching Underserved Communities ($10.17 million). It funds costs associated with the FY 2022 pay annualization, FY 2023 pay raise, and non-pay inflation. 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 paper inventory receipts 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.

In FY 2021, the IRS delivered a successful filing season that opened February 12, 2021. IRS announced on March 17, 2021, that the deadline would be extended from April 15, 2021, to May 17, 2021. During the 2021 filing season, the IRS:

- Received about 148 million individual tax returns by mid-May and issued more than 95.6 million refunds totaling more than $270 billion with an average individual refund of $2,827 as of May 21, 2021. Almost 93.6 percent of these individual returns were filed electronically by mid-May;
- Achieved a 15.4 percent **filing season** level of service (LOS), defined as the relative success rate of taxpayers calling the toll-free line for assistance, 45 percent below the target of 28 percent which was set due to funding constraints and extraordinary demand;
- Answered more than 35 million calls, similar to last year's filing season, with 11 million being answered by IRS assistors and over 24 million being answered through automation;
- Served approximately 394,000 taxpayers face-to-face in the Taxpayer Assistance Centers (TAC). Almost 792,000 taxpayers called the IRS's TAC appointment line resulting in around 351,000 appointments being scheduled. Approximately 441,000 taxpayers had their issues resolved without having to make an appointment; and
- Received 1.4 billion visits to the IRS.gov website with 483 million *Where's My Refund?* completions. This represents a 15 percent increase in the use of IRS.gov and a 14 percent increase in *Where's My Refund?* compared to the same period during 2020.

**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). For additional information, please see Section D of the IRS's Congressional Justification (CJ) – Appropriations Language and Explanation of Changes, which includes a detailed description and justification of this proposal.

| | | 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** |

## *IRS FY 2023 Budget Highlights*

***Dollars in Thousands***

| 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% |

### *Budget Adjustments*

**Maintaining Current Levels (MCLs)……………….……………….……… +$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% in FY 2023) +$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 2022 annualized CR level of $11.9 billion is the base of this budget. In addition to $436 million to maintain current staffing levels, the base was adjusted by $439 million dollars to reach current operating funding level.

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

| 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 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** |

***Enhance Taxpayer Service +$389,112,000 / +3,858 FTE***

This investment will allow the IRS to increase the telephone LOS and enhance information technologies to improve taxpayer services. 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, limited English proficiency communities, and victims of identity theft. This investment provides a projected LOS of 85 percent in FY 2023 assuming phone demand return to pre-pandemic levels and the IRS can provide in-person services at pre-pandemic levels This investment will continue to return the IRS's LOS to pre-pandemic levels. During the 2021 filing season, the IRS's LOS fell short of its targets because of the 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 ways 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.

***Critical Information Technology Operations +$39,521,000 / +36 FTE***
The IRS continues to transform its technological landscape and it 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 the 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, up-to-the-minute 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.

***Focused Strategies for Reaching Underserved Communities +$10,169,000 / +7 FTE***
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.

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 proposed FY 2022 CJ program increases. Although the investments vary slightly in cost, the overall amounts originally proposed in 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:

- $320.2 million for continuing the execution of the Taxpayer First Act implementation activities, including developing a Taxpayer Experience Strategy (TXS) and delivering new online service platforms to facilitate filing and payment for individuals and businesses;
- $469.3 million for establishing enforcement strategies that will ensure a fair tax system, so Americans can feel confident that all taxpayers are paying their fair share of taxes. These enforcement efforts will also help increase the audit coverage rate which, in aggregate, has been

cut in half since FY 2010 of large corporations, pass-through entities, and high wealth individuals;

- $78.1 million for the Integrated Modernization Business Plan is a key IRS priority. The plan provides a roadmap for improving IRS systems and taxpayer services. Additionally, the plan will enable the IRS to provide quality customer service to taxpayers and deliver long-term budget efficiencies as the IRS modernizes capabilities currently provided via legacy applications.

### *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 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.

## IRS Performance Highlights

| Budget Activity | Performance Measures | FY2019 Actual | FY2020 Actual | FY2021 Actual | FY2022 Target | FY2023 Target |
|---|---|---|---|---|---|---|
| Pre-Filing Taxpayer Assistance and Education | Enterprise Self-Assistance Participation Rate[1] | 85.4% | 90.6% | 92.3% | 91.0% | 91.0% |
| Filing and Account Services | Customer Service Representative Level of Service (LOS)[2] | 65.4% | 53.1% | 18.5% | 30.0% | 85.0% |
| Investigations | Criminal Investigations Completed | 2,797 | 2,624 | 2,766 | 2,600 | 2,500 |
| Investigations | Conviction Rate | 91.2% | 90.4% | 89.4% | 92.0% | 92.0% |
| Exam and Collections | Examination Efficiency - Individual | 109 | 76 | 108 | 100 | 114 |
| Information Services | Percent of Aged Hardware | 31.0% | 16.0% | 9.3% | 20.0% | 20.0% |

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

[2] The CSR LOS includes toll-free telephone phone 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.

### *Description of Performance*

In FY 2021, the IRS continued to provide service to taxpayers and to enforce the laws with integrity and fairness. During the pandemic, IRS's experienced, talented workforce overcame numerous obstacles to serve taxpayers, uphold the law and maintain the integrity of the tax system. IRS has been called on repeatedly to provide economic relief during this national crisis, while also fulfilling our core responsibilities of tax administration. For additional information on IRS's COVID related programs, please reference the Treasury Coronavirus Relief, Response, Aid, and Recovery Programs Congressional Justification. The IRS's core responsibilities include collecting more than $4 trillion in gross taxes each year and generating approximately 96 percent of the funding that supports the federal government's operations.

***Taxpayer Services***

The IRS strives to deliver high quality and timely service to taxpayers and stakeholders and help them understand and meet their tax obligations. The IRS:

- Achieved a rate of 92 percent of Timeliness of Critical Individual Filing Season Tax Products to the Public (i.e., tax forms, schedules, instructions, and publications) with 81 out of 88 products delivered timely, exceeding the FY 2021 target of 85 percent by 8.3 percent. The FY 2022 and FY 2023 targets are 89 percent;
- Achieved an accuracy rate of 92.9 percent in terms of Customer Accuracy – Tax Law, exceeding the target of 85 percent by 9.3 percent. The FY 2022 and FY 2023 targets are 89 percent. IRS will continue to monitor results through data-driven analysis of reports to achieve future goals;
- Answered more than 67.7 million calls, a 33 percent increase compared to the same period last year; and
- Answered over 93 percent of account questions over the telephone correctly.

In delivering the Economic Impact Payments, we took every step possible to reach potential recipients. The IRS expanded its taxpayer services through proactive outreach efforts to connect with underserved communities such as those with limited English proficiency , lower-income earners, military, veterans, retired and homeless, among other communities. The IRS engaged hundreds of local and national groups, religious organizations, and numerous others to help contact underserved communities.

The IRS's toll-free telephone line is one of the world's largest customer service phone operations. New legislation resulted in added, unplanned demand for toll-free assistance. Compared to FY 2020, total assistor demand was up more than 200 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. Due to the unprecedented increase in correspondence inventory levels, the IRS will lower its FY 2022 LOS target to 30 percent. The Budget requests additional resources for Taxpayer Services to increase of the FY 2023 LOS target to 85 percent assuming phone demand returns to pre-pandemic levels and the IRS can provide in-person services at pre-pandemic levels, and as inventories are expected to reach normal levels.

The IRS continues to improve taxpayer services by developing and improving self-assistance tools. The Enterprise Self-Assistance Participation Rate (ESAPR) 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 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 FY 2022 and FY 2023 target is 91 percent.

***Enforcement***
In FY 2021, the IRS collected $75 billion through enforcement programs, a return on investment (ROI) of about $5 to $1 compared to the IRS appropriated budget. This number is likely understated, since the ROI estimate does not include the revenue effect of the indirect deterrence value of IRS enforcement programs.

The IRS Criminal Investigation Division (CI) 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. In FY 2021, CI completed 2,766 criminal investigations, achieved 1,263 convictions with a rate of 89.4 percent, and achieved a Department of Justice case acceptance rate of 93.6 percent and a U.S. Attorney case acceptance rate of 93.2 percent, which compares favorably with other federal law enforcement agencies. The criminal investigations completed performance measure has a FY 2022 target of 2,600 and a FY 2023 target of 2,500, and the FY 2022 and FY 2023 conviction rate target is 92.0 percent.

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. In FY 2021, Exam Efficiency - Individual (the number of 1040 return closures divided by the total Exam FTE) was 108, below the target of 111 and up from the FY 2020 level of 76. 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 114.

***Operations Support***
The Percentage of Aged Hardware measure shows the quantity of IT hardware in operation past its useful life as a percentage of total hardware in use. The IRS made considerable progress reducing the percentage of aged hardware 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. The major driver in exceeding this goal was the large volume of refreshed workstations. The industry standard for aged hardware is between 20 and 25 percent. The IRS will maintain that target at 20 percent for fiscal years 2022 and 2023.

***Business Systems Modernization***
In FY 2021, the IRS continued to strengthen its IT infrastructure and introduce new electronic services to taxpayers. Some key accomplishments were:

- IRS Enterprise Case Management Release 1 occurred, which enhanced data analytics, reporting, and automation capabilities that increase productivity and efficiency;
- Expanded the Customer Callback feature, which offers taxpayers and opportunity to choose between waiting for a representative or receiving a call back when an assistor is available;
- Implemented the first phase of releasing the electronic Form 1040X enabling taxpayers to electronically file an amended return; and
- Deployed the Child Tax Credit Update Portal and the Advance Child Tax Credit Eligibility Assistant. These systems inform users of their eligibility of the Advance Child Tax Credit, verify their banking and personal information, and unenroll in the tax credit.

The IRS has navigated unexpected changes that have both challenged and accelerated modernization efforts—from the emergence of new technology and taxpayer expectations to sustaining technological resilience throughout an ongoing global pandemic. 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. 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.

## Office of Financial Stability

### *Program Summary by Budget Activity*

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.

### *Administrative 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** | | | | | |
| TARP Administrative Account | 40,789 | 37,637 | 34,333 | (3,304) | -8.8% |
| **Total Obligations** | **$40,789** | **$37,637** | **$34,333** | **($3,304)** | **-8.8%** |
| **Total Full-time Equivalents (FTE)** | 10 | 10 | 8 | -2 | -20.0% |

### *Summary*

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 to help homeowners prevent avoidable foreclosures. However, in 2016, OFS began the wind-down of the largest TARP housing program, the Marking Home Affordable Program, pursuant to the Consolidated Appropriations Act, 2016. 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).

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. OFS is expected to complete its wind-down in FY 2024.

***Description of Performance***

**<u>Bank Support Programs</u>**

***Capital Purchase Program (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.

***Community Development Capital Initiative (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.

**<u>Housing Programs</u>**

OFS established several TARP housing programs, assisting millions of homeowners and introducing reforms for the mortgage servicing industry to facilitate mortgage modifications.

***Making Home Affordable Program (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.

***Housing Finance Agency (HFA) Hardest Hit (HHF) Fund***

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.

***Federal Housing Administration (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.

**<u>Other Programs</u>**

***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.

## Office of Financial Research

### *Program Summary by Budget Activity*

Dollars in Thousands

| Budget Activity | FY 2021 Actual | FY 2022 Estimate | FY 2023 Estimate | FY 2022 to FY 2023 % Change |
|---|---|---|---|---|
| Data Center | $3,033 | $4,045 | $5,630 | 39.2% |
| Technology Center | $40,743 | $38,320 | $40,909 | 6.8% |
| Research and Analysis Center | $8,692 | $15,184 | $20,413 | 34.4% |
| Operations and Support Services | $18,066 | $20,945 | $21,160 | 1.0% |
| **Total Cost of Operations** | **$70,534** | **$78,494** | **$88,112** | **12.3%** |
| **Full-time Equivalents (FTE)** | 111 | 143 | 163 | 14.0% |

### *Summary*

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.

### *Budget Highlights*

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 Facilities 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** |

**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 Financial Stability Oversight Council (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 included 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.

### *Legislative Proposals*
The OFR has no legislative proposals.

### *Performance Highlights*

| Budget Activity | Performance Measure | FY 2019 Actual | FY 2020 Actual | FY 2021 Actual | FY 2022 Target | FY 2023 Target |
|---|---|---|---|---|---|---|
| Data Center | Number of Legal Entity Identifiers Issued Cumulatively in the United States and Internationally | 1,487,695 | 1,733,473 | 1,941,554 | I | I |
| Data Center | Number of Times That Financial Data Standards are Incorporated in Rules and Regulations | 1 | 3 | 2 | I | I |

Key: I – Indicator

### *Description of Performance*
While promotion of the Legal Entity Identifier (LEI) remains a foundational standards focus for the OFR, the Data Strategy and Standards (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

[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.

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 Regulatory Oversight Committee (ROC), delivering expert knowledge of standards and service to its members.

The DSS team also leads the standards development of the Financial Instrument Reference Database (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.

## Financial Stability Oversight Council

Dollars in Thousands

| Budget Activity | FY 2021 Actuals | FY 2022 Revixeed Estimate | FY 2023 Revsed Estimate | FY 2022 to FY 2023 $ Change | FY 2022 to FY 2023 % Change |
|---|---|---|---|---|---|
| FSOC | $4,996 | $7,567 | $7,933 | $366 | 4.83% |
| FDIC | $4,451 | $3,254 | $4,500 | $1,246 | 38.29% |
| **Total Cost of Operations** | **$9,447** | **$10,821** | **$12,433** | **$1,612** | **15%** |
| Direct FTE | 15 | 23 | 27 | 4 | 17.39% |
| **Total Full-time Equivalents (FTE)** | **14** | **23** | **27** | **4** | **17.39%** |

### *Summary*

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 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.

### *Budget Highlights*

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** |

### *Budget Adjustments*

**Maintaining Current Levels (MCLs) ...........................................................+$306,000 / +0 FTE**

<u>Pay Annualization (2.7%) +$28,000 / +0 FTE</u>

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

<u>Pay Raise (4.6 % in FY 2023) +$144,000 / +0 FTE</u>

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

*Non-Pay +$133,000 / +0 FTE*
Funds are requested 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*
The FSOC Secretariat intends to increase its long-term staffing plan to 27 by four staff members.

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. 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.

### *Legislative Proposals*

The FSOC has no legislative proposals.

### *Description of Performance*

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.

Certain FDIC expenses for rule writing and resolution planning 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.

## Treasury Franchise Fund

### *Program Summary by Budget Activity*

Dollars in Thousands

| Budget Activity | FY 2021 Actuals | FY 2022 Revised Estimate | FY 2023 Estimate | FY 2022 to FY 2023 $ Change | FY 2022 to FY 2023 % Change |
|---|---|---|---|---|---|
| Treasury Shared Services Program | 356,934 | 314,318 | 326,772 | 14,427 | 3.96% |
| Centralized Treasury Administrative Services | 131,449 | 146,043 | 160,151 | 10,645 | 9.66% |
| Administrative Support Services | 208,491 | 191,029 | 205,796 | 16,452 | 7.73% |
| Information Technology Services | 196,417 | 214,837 | 220,606 | 4,197 | 2.69% |
| **Subtotal, Treasury Franchise Fund** | **$893,291** | **$866,227** | **$913,325** | **$45,721** | **5.44%** |
| Offsetting Collections - Reimbursable | 838,745 | 806,022 | 857,079 | 51,057 | 6.33% |
| Recovery from Prior Years | 14,000 | 13,000 | 13,000 | -1,201 | 0.00% |
| Unobligated Balances Brought Forward | 168,000 | 123,946 | 137,008 | -17,385 | 10.54% |
| **Total Program Operating Level** | **$1,020,745** | **$942,968** | **$1,007,087** | **$32,471** | **6.80%** |
| Reimbursable FTE | 2,036 | 2,212 | 2,209 | 65 | -0.14% |
| **Total Full-time Equivalents (FTE)** | **2,036** | **2,212** | **2,209** | **65** | **-0.14%** |

*The Financial Management Administrative Support Service and Shared Services Programs, as denoted in the President's budget is also referred to as the Administrative Services and Treasury Shared Services Program, respectively.

### *Summary*

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.

### *Budget Highlights*

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).

### *Budget Adjustments*

#### 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).

<u>IT Systems Modernization (CTAS) +$13,835,662 / +0 FTE</u>
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.

<u>Cyber Infrastructure (CTAS) +$3,398,000 / +0 FTE</u>
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.

<u>Facilities Infrastructure (CTAS) +$2,000,000 / +0 FTE</u>
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**
<u>Business Transformation Efforts (ARC Admin) -$10,003,000 / -13FTE</u>
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.

### *Legislative Proposals*

The TFF has no legislative proposals.

### *Performance Highlights*

| Budget Activity | Performance Measure | FY 2019 Actual | FY 2020 Actual | FY 2021 Actual | FY 2022 Target | FY 2023 Target |
|---|---|---|---|---|---|---|
| Treasury Shared Services Programs | Average Cost per FTE | $1,463.50 | $1,719.40 | $1,805.70 | $1,710.50 | $1,710.50 |
| Treasury Shared Services Programs | Annual Effective Spend Rate (%) | 97 | 98 | 98 | 96 | 96 |
| Treasury Shared Services Programs | Customer Satisfaction (%) | 75 | 90 | 93 | 80 | 80 |
| Centralized Treasury Administrative Services | Annual Effective Spend Rate (%) | 98 | 94 | 98 | 96 | 96 |
| Centralized Treasury Administrative Services | Customer Satisfaction (%) | 75 | 75 | 83 | 80 | 80 |
| Administrative Support Services | Customer Unmodified Audit Opinions (%) | 100 | 100 | 100 | 100 | 100 |
| Administrative Support Services | Percentage of shared services service level agreement performance metrics met or exceeded (%) | 89 | 87 | 90 | 94 | 94 |
| Administrative Support Services | Customer Satisfaction with ARC Admin Services (%) | 93 | 90 | 90 | 80 | 80 |
| Information Technology Services | Parentage of IT Portfolio (TFF) Software and Hardware Currency (%) | N/A | N/A | B | 75 | 85 |
| Information Technology Services | Percentage of On-Premise Target Service Level Agreements Met (%) | N/A | N/A | B | 80 | 80 |

Key: N/A – Not Applicable, B -Baseline

### *Description of Performance*

The TSSP annual effective spend rate relates to the financial management and oversight of the program. 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.

The CTAS FY 2021 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.

In FY 2021, ARC Admin received strong customer satisfaction scores and 18th consecutive unmodified audit opinion. Despite missing the target for the percentage of shared services service level agreements performance metrics, ARC Admin continues to work with customer agencies to understand the changes thereby enabling them to align resources to support the demand. The FY 2022 and 2023 targets will remain unchanged.

In FY 2021, ARC IT established a baseline for software/hardware currency and on-premises target service level agreements (SLA) met. The goal of these new measures is to reduce the use of End of Life (EOL) technology, which in turn further minimizes technical debt and risk for our customers, and measure how well technical teams are performing and closing out the requests and incidents. The FY 2022 and 2023 targets reflect operational commitments to customers and allows room for improvement.

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.

## Treasury Forfeiture Fund

### *Program Summary by Budget Activity*

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).

### *Summary*

The Treasury Executive Office for Asset Forfeiture (TEOAF) administers the Treasury Forfeiture Fund (the Fund), which is the receipt account for deposit of non-tax forfeitures made pursuant to laws enforced or administered by participating Department of the Treasury and Department of Homeland Security agencies. The Fund was established in 1992. The enabling legislation for the Fund (Title 31 U.S.C. 9705) defines the purposes for which Treasury forfeiture revenue may be used.

### *Explanation of TEOAF Spending Categories*

#### *Mandatory Obligations ($462,060,000 from revenue/offsetting collections)*

Mandatory Obligations are incurred to meet the operating costs of the Fund, including expenses of 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 seizure, 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.

TEOAF allocates significant resources to supporting seizure cases in which the seized assets represent the proceeds of fraud schemes. The resulting forfeiture deposits are used to compensate the victims (entities or individuals) defrauded by the violators. Prioritizing support of these cases is particularly important now due to the volume of COVID-19 related financial fraud, network intrusion, phishing and sales of counterfeit vaccines and COVID treatments online and via Darknet marketplaces. TEOAF provides funding to allow its participating agencies to meet unanticipated needs created by COVID-19 related crimes, to ensure that the agencies have the resources to target and intercept these massive schemes and return the money to the defrauded government agencies, private entities and individuals.

***Secretary's Enforcement Fund ($35,000,000 from revenue/offsetting collections)***
Secretary's Enforcement Fund (SEF) represents revenue from equitable shares received from Department of Justice (DOJ) or U.S. Postal Service (USPS) forfeitures. These shares are proportional 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 law enforcement organization participating in the Fund.

***Strategic Support ($100,000,000 from revenue/offsetting collections)***
Strategic Support authority, established in 31 U.S.C. 9705(g)(4)(B), 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.

***Contingent Liabilities ($550,000,000 revenue/offsetting collections)***
Contingent liabilities represent the known future equitable sharing, remission, refund, and mitigation payments. TEOAF tracks future remission payments to third parties as contingent liabilities. However, these amounts are not recorded as obligations from the Fund 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 or kleptocracy 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 financial position of the Fund.

## *Legislative Proposals*

TEOAF has no legislative proposals.

## *Performance Highlights*

| Budget Activity | Performance Measure | FY 2019 Actual | FY 2020 Actual | FY 2021 Actual | FY 2022 Target | FY 2023 Target |
|---|---|---|---|---|---|---|
| Asset Forfeiture | Percent of Forfeited Cash Proceeds Resulting from High-Impact Cases | 90.8 | 82.87 | 89.65 | 80 | 80 |

## *Description of Performance*

($597,060,000 in obligations from revenue/offsetting collections):
TEOAF continues to measure the performance of the participating law enforcement bureaus through the percent of forfeited cash proceeds resulting from high impact cases which are cases resulting in 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 are central to the mission of 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 reliance on sophisticated technologies and analytical tools that are not adequately covered by the funds appropriated for operations. 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 forfeiture 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 of 80 percent as an appropriate measure of the effectiveness of the Fund support of the participating law enforcement agencies efforts to meet TEOAF's mission to disrupt and dismantle criminal enterprises.

## Bureau of Engraving and Printing

### *Program Summary by Budget Activity*

Dollars in Thousands

| Budget Activity | FY 2021 Actual | FY 2022 Revised Estimate | FY 2023 Estimate | FY 2022 to FY 2023 $ Change | FY 2022 to FY 2023 % Change |
|---|---|---|---|---|---|
| Manufacturing | $1,214,856 | $1,069,911 | $1,142,803 | $72,892 | 6.81% |
| DC Replacement Facility | 33,875 | 11,769 | 897,048 | $885,279 | 7522.13% |
| **Total Cost of Operations** | **$1,248,731** | **$1,081,680** | **$2,039,851** | **$958,171** | **88.58%** |
| **Full-time Equivalents (FTE)** | 1,832 | 1,863 | 1,863 | 0 | 0.00% |

### *Summary*

The mission of the Bureau of Engraving and Printing (BEP) is to develop and produce United States currency notes trusted worldwide. 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 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:

- Upgrade and complete automation of the $100 finishing line to integrate Single Note Inspection (SNI) technology.
- Replacement of obsolete electrical and mechanical parts on existing presses and upgrade to the inspection system.
- The LEPE Inspection and Electrical Upgrades for improvements and increased capabilities to the existing system in operation.

**5. Human Capital/Talent Management:** The BEP will continue with its FY 2022 strategic initiatives into FY 2023 by updating the 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 2022 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.

## *Budget Highlights*

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 (2.0%) | 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** | **$1,110,790** |
| **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 Estimated** | **1,863** | **$375,126** | **$1,664,724** | **$2,039,851** |

## *Budget Adjustments*

**Program Decreases ........................................................................-$928,907,000 / -0 FTE**

Currency Program -$42,413,000 / -0 FTE

The yearly currency order (YCO) is 7.2B notes in FY 2022.

Travel Decrease -$1,215,000 / -0 FTE

The decrease is due to COVID travel restrictions.

Washington, DC Replacement Facility -885,279,000 / -0 FTE

The obligation for the next phase of DC Replacement Facility project is delayed to FY 2023.

**Program Increases ........................................................................+ $66,334,000 / +0 FTE**
Additional Overtime +$7,500,000 / +0 FTE
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%) +$2,002,000 / +0 FTE
Funds are required for annualization of the January 2022 2.7% average pay raise.

Pay Raise (4.6% in FY 2023) +$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 obligation 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 Washington, DC Replacement Facility and WCF.

Washington, DC Replacement Facility +885,279,000 / +0 FTE
This increase is for obligations 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.

### *Legislative Proposals*

BEP has no legislative proposals.

### *Performance Highlights*

| Budget Activity | Performance Measure | FY 2019 Actual | FY 2020 Actual | FY 2021 Actual | FY 2022 Target | FY 2023 Target |
|---|---|---|---|---|---|---|
| Manufacturing | Currency Notes Delivered Returned Due to Defects (Parts per Million) | .009 | .02 | .0016 | <1ppm | <1ppm |
| Manufacturing | FEVS Satisfaction[1] | 74 | 74 | NR | >65% | >65% |
| Manufacturing | Lost Time Accident Rate per 100 Employees [2] | 1.48 | 1.01 | 1.59 | < 1.8 | < 1.8 |
| Manufacturing | Manufacturing Costs for Currency (Dollar Costs Per Thousand Notes Produced) | $50.33 | $56.19[3] | $64.33 | $63.07 | $65.00 |

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.
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.

### *Description of Performance*

The BEP has one budget activity: Manufacturing. This budget activity supports all of BEP's strategic goals.

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 1.80 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 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.

## United States Mint

### *Program Summary by Budget Activity*

Dollars in Thousands

| Budget Activity | FY 2021 Actual | FY 2022 Revised Estimate | FY 2023 Estimate | FY 2022 to FY 2023 % Change |
|---|---|---|---|---|
| Manufacturing | $5,029,975 | $3,411,250 | $3,397,145 | -0.41% |
| **Total Cost of Operations** | **$5,029,975** | **$3,411,250** | **$3,397,145** | **-0.41%** |
| **Full-time Equivalents (FTE)** | 1,566 | 1,705 | 1,705 | 0.00% |

### *Summary*

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. The Mint's key priorities for FY 2023 include:

- Circulating - Efficiently and effectively mint and issue approximately 14.5 billion circulating coins in FY 2023 to meet the needs of commerce.
- Numismatic Program Bullion Products - Mint and issue bullion coins to meet customer demand efficiently and effectively.
- Other Numismatic Products - Produce and distribute numismatic products in sufficient quantities, through appropriate channels, to make them accessible, available, and affordable to people who choose to purchase them. Design, strike, and prepare for presentation Congressional Gold Medals.

### *Budget Highlights*

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** |

## *FY 2023 Budget Adjustments*

**Adjustment to Estimate**
**Program Increases…………………………………….………………… +$98,652,000 / +34 FTE**

<u>Metal due to Forecasted Increase in Bullion and Numismatic Production +$80,000,000 / +0 FTE</u>
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.

<u>Order Management Services +$3,103,000 / +0 FTE</u>
The Mint anticipates 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.

<u>Numismatic Capital Increase +$9,500,000 / +0 FTE</u>
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.

<u>FTE Increase +$4,749,000 / +34 FTE</u>
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 percent in FY21 and anticipates an increase of 6

percent 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.

### *Legislative Proposals*

The Mint has not legislative proposals.

### *Performance Highlights*

| 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 |

***Description of 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 percent. On time delivery for FY 2021 was 100 percent. The performance targets for circulating on-time delivery is set at 97.5 percent for both FY 2022 and FY 2023.

## Office of the Comptroller of the Currency

### *Program Summary by Budget Activity*

Dollars in Thousands

| Budget Activity | FY 2021 Actual | FY 2022 Revised Estimate | FY 2023 Estimate | FY 2022 to FY 2023 % Change |
|---|---|---|---|---|
| Supervise | $978,890 | $1,071,065 | $1,078,520 | 0.70% |
| Regulate | $105,202 | $115,109 | $115,910 | 0.70% |
| Charter | $27,887 | $30,513 | $30,726 | 0.70% |
| **Total Cost of Operations** | **$1,111,979** | **$1,216,687** | **$1,225,156** | **0.70%** |
| **Full-time Equivalents (FTE)** | 3,491 | 3,555 | 3,555 | 0.00% |

### *Summary*

The Office of the Comptroller of the Currency (OCC) was created by Congress in 1863 to charter national banks; oversee 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. 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 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 supervising banks, the OCC: 1) approves or denies applications for new charters, branches, capital, or other changes in corporate or banking structure; 2) takes supervisory and enforcement actions; 3) removes and prohibits officers and directors, negotiate agreements to change banking practices, and issue cease-and-desist orders as well as Civil Money Penalties (CMPs); 4) issues rules and regulations, legal interpretations, supervisory guidance, and corporate decisions governing investments, lending, and other practices.

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.

## *Legislative Proposals*

OCC has no legislative proposals.

## *Performance Highlights*

| Budget Activity | Performance Measure | FY 2019 Actual | FY 2020 Actual | FY2021 Actual | FY 2022 Target | FY 2023 Target |
|---|---|---|---|---|---|---|
| Supervise | Percentage of National Banks and Federal Savings Associations with Composite CAMELS Rating 1 or 2 | 96 | 96 | 96 | 90 | 90 |
| Supervise | Percentage of National Banks and Federal Savings Associations That Are Categorized as Well Capitalized | 98 | 95 | 99 | 95 | 95 |
| Supervise | Percentage of National Banks and Federal Savings Associations with Consumer Compliance Rating of 1 or 2 | 98 | 98 | 98 | 94 | 94 |
| Supervise | Rehabilitated National Banks and Federal Savings Associations as A Percentage Of Problem National Banks One Year Ago (CAMEL 3,4, or 5) | 15 | 23 | 28 | Disc | Disc |
| Supervise | Total OCC Costs Relative to Every $100,000 in Bank and Federal Savings Associations Assets Regulated ($) | 8.07 | 7.78 | 6.79 | 7.37 | 7.37 |
| Charter | Percentage of Licensing Applications and Notices Completed within Established Timeframes | 99 | 98 | 98 | 95 | 95 |

Key: Disc-Discontinued

### *Description of Performance*

The OCC charters, regulates and supervises all national banks and federal savings associations, as well as supervises federal branches and agencies of foreign banks. The primary goal of the OCC's Supervise Program is to ensure that these institutions operate in a safe and sound manner and in compliance with laws requiring fair treatment of their customers and fair access to credit and financial products. The OCC also monitors risks and threats to the stability of the national banking system through regular examinations of supervised institutions and other monitoring.

Composite Capital Adequacy, Asset Quality, Management, Earnings, Liquidity, and Sensitivity (CAMELS) rating reflects banks' financial condition. As of December 31, 2021, 96 percent of national banks and federal savings associations had composite CAMELS rating of either 1 or 2. The OCC strives for timely and effective approval of corporate applications to complete corporate transactions and introduce new financial products and services. The OCC completed 99 percent of applications and notices within established timeframes as of December 31, 2021. The OCC's early identification and intervention with problem financial institutions can lead to 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 prior improved ratings to either 1 or 2. There were no national bank or federal savings association failures in FY 2021.

**Message from the Secretary of the Treasury**

Dear Member:

On behalf of President Biden, it is my pleasure to submit the Congressional Budget Justification for the Department of the Treasury's International Programs for Fiscal Year 2023. The Administration requests $4.375 billion for Treasury International Programs. This includes $1.906 billion for the multilateral development banks (MDBs), $2.3 billion for multilateral climate change and environment funds, $20 million for International Monetary Fund facilities and trust funds, $43 million for food security, $38 million for Treasury's Office of Technical Assistance, and $67 million for debt relief and restructuring.

Treasury International Programs, particularly through the international financial institutions (IFIs), support important national security priorities. They are vital to supporting financial stability, sustainable and inclusive economic growth, clean energy transition, climate change mitigation and adaptation, food security, health security and pandemic preparedness, and poverty alleviation in developing countries. Developing countries have been struggling to recover from the impacts of the COVID-19 pandemic, are the most vulnerable to the impacts of climate change, and many are now facing economic, energy security, and food security shocks emanating from Russia's invasion of Ukraine.

The MDBs are making critical investments in high-quality, sustainable infrastructure, clean energy, and food security, while also building greater resilience to economic, climate, and health shocks. Along with the International Monetary Fund (IMF), the MDBs have played leading roles in helping countries enhance social and economic inclusion and to respond to and recover from the COVID-19 pandemic. The IMF's new Resilience and Sustainability Trust will support countries undertaking structural transformations to bolster pandemic preparedness and access to sustainable energy sources. U.S. contributions to the IFIs and multilateral funds also provide for an unparalleled financial catalytic impact. U.S. contributions are multiplied by contributions from other donors (at a ratio of at least five to one), resources the IFIs generate themselves, and funding from capital markets. Projects financed by the MDBs and multilateral funds also mobilize significant private sector investment and funding from other official sector financiers.

The proposed contributions to climate change and environmental funds are essential for facilitating the global transition to global net-zero greenhouse gas emissions (GHGs) over time. These funds are critical to help developing countries reduce their GHGs and to enhance global energy security by supporting countries to diversify their energy sources and reduce their dependence on fossil fuel imports. These funds are also essential in assisting the most vulnerable countries to adapt to the impacts of climate change.

By supporting significant investments in infrastructure and in addressing climate change, Treasury International Programs will deliver on the goals of the Build Back Better World (B3W) initiative to drive investment in high-quality infrastructure. These programs are also necessary to advance the Biden-Harris Administration's vision of a foreign policy for the American middle class: they support global financial stability and economic growth, which are important for domestic job creation and economic dynamism, including by supporting increased exports of U.S. goods and services.

The United States is either the largest or a leading shareholder and contributor to the IFIs, which enables the United States to assert unmatched influence and leadership on a range of global economic and security issues. Fulfillment of this request is a powerful means to sustain U.S. global leadership.

Sincerely,

Janet L. Yellen

Janet L. Yellen

## FY 2023 Executive Summary

The Administration's FY 2023 Budget requests $4.375 billion for the Treasury Department's International Programs. This request is a critical component of the Biden-Harris Administration's approach for restoring American global standing and leadership through our allies and multilateral institutions, including the international financial institutions (IFIs), and will help the United States confront many of the global challenges that we face. These challenges include confronting the existential threat of climate change, continued response to the COVID-19 pandemic, and fully restoring global economic growth and pre-pandemic progress in reducing poverty. It is particularly imperative that we scale up our efforts to support low-carbon, sustainable, inclusive, and resilient economic development for the wellbeing and economic security of Americans and people around the world. The Russian invasion of Ukraine further reinforces the need for a strong U.S.-supported development finance system. The large number of refugees and spillover impacts of the war on energy markets, food prices, trade, and remittances will require a robust and well-resourced response.

Treasury's International Programs, particularly U.S. contributions to multilateral development banks (MDBs), provide important financing, policy and technical support for quality infrastructure investment, climate change adaptation and mitigation, public health, digital development, and gender equality, which are essential to delivering on the goals of the Build Back Better World (B3W) initiative. They also contribute to enhancing equity and fostering the inclusion of disadvantaged and marginalized people in developing countries that have not adequately shared the benefits of development.

The institutions and programs supported by this request are a cost-effective way for the United States to advance its geostrategic interests and to deliver results on the ground across a range of issues that are critical to the Biden-Harris Administration's objective to promote a foreign policy for the middle class. The International Monetary Fund (IMF) supports international macroeconomic and financial stability. The World Bank, the preeminent development institution, regional development banks, multilateral funds, and Treasury's bilateral technical assistance program support economic development, reducing global poverty and inequality, addressing climate change, as well as infrastructure investment, food security, and social and economic inclusion. Through its engagement with multilateral institutions and through bilateral technical assistance, Treasury helps developing countries attract and sustain private investment for clean and sustainable infrastructure that will increase prosperity. Further, these institutions and programs reflect and promote American values related to good governance, transparency, and sound debt management.

Supporting economic prosperity overseas also bolsters economic dynamism and prosperity at home by expanding markets for U.S. exports, which creates jobs for the U.S. middle class and protects the stability of the American economy. Treasury International Programs also safeguard and improve the wellbeing of the American people in other ways. For example, U.S. contributions to climate change and environment funds not only help protect the global climate, but they also reduce harmful chemicals in the air that Americans breathe and in the water they drink. They also sustain the availability of food and natural resources from overseas on which Americans depend.

Treasury International Programs play a critical role in achieving the President's historic climate finance pledge, and account for a significant portion of the over $11 billion included in the Budget for international climate change finance in FY 2023. The Administration is requesting $2.315 billion in appropriations for Treasury climate change and environmental funds and programs[1]. This includes $1.6 billion for the Green Climate Fund (GCF), as well as requests for the Climate Investment Funds (CIFs) Clean Technology Fund (CTF), the Global Environment Facility (GEF), and the Tropical Forest and Coral Reef Conservation Act (TFCCA). Including the proposed loan to the CTF[2], Treasury International Programs will support approximately $4.513 billion in international climate finance. These programs will accelerate progress toward meeting the goals of the Paris Agreement by assisting developing countries in reducing greenhouse gas emissions, adapting to climate change and building resilience, and investing in sustainable infrastructure. These programs will also invest in forest conservation and other nature-based solutions, which simultaneously support developing country climate change efforts and broader environmental goals.

Our contributions to the MDBs are also critical to support U.S. climate change goals as they are the among the largest and most efficient financiers of systemic change to address climate change. In 2019, the OECD estimates that multilateral development banks contributed over $42 billion or 53 percent of the total amount of climate finance investments that developed countries mobilized for developing countries. In addition, the MDBs are vital partners to help countries achieve the Sustainable Development Goals (SDGs), including investments in access to clean energy, education, health, clean water and sanitation, infrastructure, and decent work

The FY 2023 budget also seeks funding and necessary authorization to lend up to $21 billion to IMF facilities and trust funds, including to the IMF's concessional facility, the Poverty Reduction and Growth Trust (PRGT), and the new Resilience and Sustainability Trust (RST). The IMF is the premier international institution for promoting and sustaining global financial stability, which is critical for sustained growth and increasing living standards, both at home and overseas. The IMF's role is especially important as vulnerable countries grapple with the ongoing shock of COVID-19 and spillovers from Russia's further invasion of Ukraine. The PRGT provides highly concessional financing to the world's poorest countries to support macroeconomic stability and sustain their ability to expand health and social sector spending as they continue to recover from the COVID-19 pandemic. The proposed Resilience and Sustainability Trust (RST) will provide longer-term, concessional financing alongside full-fledged IMF programs to support countries undertaking structural reforms to boost resilience to pandemics and transition to more sustainable energy sources.

These contributions will strengthen the United States' ability to lead within the IFIs to promote more inclusive and sustainable development pathways, to increase the allocation of financing to

[1] Of this total, the $2.293 billion is considered to be climate finance. Because the Global Environment Facility (GEF) supports multiple environmental goals, only 85 percent of GEF funding ($127.67 million) is included in the climate finance totals.

[2] The Administration requests $550 million for the CTF in FY 2023, of which $520 million will subsidize a loan to the CTF. Based on current assumptions, the Administration estimates that this will support a loan of approximately $3.22 billion.

the world's poorest and most fragile countries, and to continue to deliver on key reforms aimed at improving governance, effectiveness, and financial discipline. Proposed contributions to the IFIs will also sustain their relevance to developing countries that are facing higher demands for lending and investment for COVID-19-recovery, energy transition, resilience to the changing climate and other priorities, including response to energy and food price increases and other spillover effects from Russia's further invasion of Ukraine. Absent a strong MDB system, developing countries will increasingly turn to other alternatives, including to non-transparent sources of development finance.

Treasury's Office of Technical Assistance provides finance ministries, central banks, and other government institutions specialized expertise, including through embedded advisors, to enhance domestic revenue mobilization, improve financial regulation, and combat financial crimes. In so doing, it helps create conditions for private sector led growth, including increased private sector investment in infrastructure, thereby supporting the B3W initiative. And Treasury debt relief and restructuring programs help developing countries to achieve fiscal sustainability and create fiscal space for investments in infrastructure, public health, pandemic recovery, and environmental protection and conservation.

**Multilateral Development Banks**

The FY 2023 Budget requests $1.906 billion for the MDBs. The MDBs play key roles in the effort to reduce poverty, increase economic growth, foster economic and social inclusion, develop high-quality infrastructure, and fight climate change. This advances U.S. foreign policy objectives of sustaining peace and stability, promoting security, and protecting the global environment. Specifically, the MDBs are key to achieving the Administration's B3W goals. They engage in policy dialogue; mobilize private finance; support the implementation of high technical, environmental, social and governance standards; promote innovation; and provide finance to low and middle income countries for low-carbon and resilient infrastructure development.

Annually, the MDBs invest approximately $35 billion in quality infrastructure and support developing countries in mobilizing billions more in private capital. Collectively, the MDBs are the largest contributors towards achieving the goal for developing countries to mobilize $100 billion goal for climate mitigation and adaptation in developing countries annually.[3] The MDBs have also played a leading role in the global response to the COVID-19 pandemic. Since the start of the pandemic, they have provided nearly $127 billion to address the health and economic impacts of the pandemic, and they continue to have a strong role in the financing and deployment of vaccines and efforts for pandemic preparedness and response.

The MDBs are among the most effective and efficient means through which the United States can support developing countries in reducing their greenhouse gas emissions, adapting to the impacts of climate change, and building resilience. The MDBs have also been strong partners in

[3] In 2019, the OECD estimates that multilateral institutions provided and mobilized over $42 billion or 53 percent of the total amount of investments attributed to developed countries for for developing countries for climate change mitigation and adaptation.

promoting a positive development agenda for disadvantaged, marginalized or vulnerable groups and lifting women's access to equal political, social and economic opportunities.

Financing through multilateral institutions brings significant advantages to the United States, and is an effective way to stretch limited development dollars. Specifically, U.S. taxpayer contributions to the MDBs catalyze contributions from other shareholders, MDBs' internally-generated resources, and funding from capital markets to significantly amplify the assistance levels the MDBs provide to developing countries. MDBs also offer a wide range of instruments, including grants, loans, guarantees and equity, insurance and knowledge products. This array of instruments can make it easier to help de-risk the private sector to come in on U.S. priorities for development in emerging markets. The increased support the Administration requests for the MDBs is critical for enabling the United States to reestablish its leadership on these issues.

Treasury's requests for the MDBs include:

*International Bank for Reconstruction and Development (IBRD):* an appropriation of $206.5 million towards the fourth of up to six installments to subscribe to the U.S. share of the paid-in portion of the IBRD general and selective capital increases. The FY 2023 Budget also requests a program limitation to allow the United States to subscribe to $1.421 billion in callable capital.

*International Development Association (IDA):* $1.430 billion in support of IDA programs over the nineteenth and twentieth replenishment periods[4], including towards the first installment to the twentieth replenishment (IDA-20). The Administration also requests authorization for the United States to subscribe to the IDA-20 replenishment in the amount of $3.5 billion. This request is included in the General Provisions found in the Department of State and Other International Programs chapter of the FY 2023 President's Budget Appendix.

*African Development Bank (AfDB):* an appropriation of $54.6 million for the third of eight installments to subscribe to the U.S. share of the paid-in portion of the seventh general capital increase. The FY 2023 Budget also requests a program limitation to allow the United States to subscribe to $856,174,624 in callable capital.

*African Development Fund (AfDF):* $171.3 million in support of AfDF programs over the fifteenth replenishment period (AfDF-15; AfDB FY 2020 – FY 2022), including towards a third installment to AfDF-15.

*Asian Development Fund (AsDF):* $43.6 million in support of AsDF programs over the twelfth replenishment period (AsDF-13; FY 2022 – FY 2025). The Administration also requests authorization to subscribe to the AsDF-13 replenishment in the amount of $174.44 million. This request is included in the General Provisions found in the Department of State and Other International Programs chapter of the FY 2023 President's Budget Appendix.

[4] As noted in the section on IDA, IDA donors and management decided to accelerate the IDA-20 replenishment period by one year. Consequently, this shortened the IDA-19 replenishment period by one year, covering World Bank Fiscal Years (WB FY) 2021 through 2022. The IDA-19 pay-in period remains FY 2021 – FY 2023. The IDA-20 replenishment period is WB FY 2023 – FY 2025.

**International Monetary Fund – IMF Facilities and Trust Funds**

The FY 2023 Budget requests a total of $20 million and the necessary authorization to enable the United States to lend up to $21 billion in resources from Treasury's Exchange Stabilization Fund (ESF) to the RST and to the PRGT, the IMF's concessional lending facility for low-income countries (LICs). The specific division of lending between the RST and PRGT is yet to be determined.

**Climate Change and Environment**

*Green Climate Fund (GCF):* The FY 2023 Budget requests $1.6 billion total for a contribution to the GCF. Established in 2010, the GCF seeks to foster climate-resilient development and zero-emission investment by funding activities across a variety of sectors, including transport; water and other infrastructure; energy generation and efficiency; and land use, including agriculture and forestry. It uses a range of financial instruments to support high impact projects and programs, mobilize private sector capital, and foster stronger policy environments that better address the challenges of a changing climate.

*Clean Technology Fund (CTF):* The FY 2023 Budget requests $550 million for a contribution to the CTF for the Accelerating Coal Transition (ACT) Investment program, which aims to support developing countries' transition away from coal. The ACT program complements the United States' bilateral efforts to promote a just energy transition in targeted countries. The Administration intends to use $520 million for the subsidy cost of a loan with an estimated value of approximately $3.22 billion. The Administration will use $30 million as a grant to support administrative costs of the loan.

*Global Environment Facility (GEF):* The FY 2023 Budget requests $150.2 million to support a first installment to the GEF's eighth replenishment (GEF-8). Established in 1991, the GEF is a multilateral trust fund that provides mainly grant-based funding to assist developing and transitional countries in addressing global environmental challenges in five focal areas: (1) biodiversity; (2) chemicals and waste; (3) climate change; (4) land degradation (primarily deforestation and desertification); and (5) international waters.

**Food Security**

*International Fund for Agricultural Development (IFAD):* The FY 2023 Budget requests $43 million to support including for the second of three installments towards the International Fund for Agricultural Development's twelfth replenishment (IFAD-12).

**Technical Assistance – Office of Technical Assistance**

The FY 2023 Budget requests $38 million for Treasury's Office of Technical Assistance (OTA). Funding will help ensure that OTA is able to respond quickly and sustainably to growing demand for technical assistance in areas that are priorities for the United States. Such areas include: supporting our national security agenda by combating terrorist financing and financial crimes, helping countries fund and sustain their own development through improved domestic resource mobilization and debt management, and creating the conditions for private sector-led economic growth. This consists of improving the climate for private sector investment in infrastructure projects in developing and transitional countries.

**Debt Restructuring and Relief**

The FY 2023 Budget requests $67 million for bilateral debt restructuring and relief programs. This funding would support the following initiatives:

*G20 Common Framework for Debt Treatments beyond the Debt Service Sustainability Initiative (the Common Framework), and Paris Club debt restructuring:* The FY 2023 Budget requests $52 million for the United States' participation in debt restructuring and relief programs through the Paris Club and G20. Since the COVID-19 pandemic, the United States has been participating in a G20 initiative that includes China – the Common Framework, which helps low-income countries restructure their debts through a multilateral framework. Given the rising debt burdens of many low-income countries, U.S. participation in the Common Framework and the Paris Club proactively work toward longer-term sustainability for low-income countries and avoid prolonged and costly debt crises.

*Tropical Forest and Coral Reef Conservation Act (TFCCA):* The FY 2023 Budget requests $15 million for the TFCCA, which enables eligible developing countries with certain concessional debt owed to the United States to redirect some of those payments to support conservation of their tropical forests and/or coral reefs. Protecting biodiversity and combating climate change are central to U.S. national economic and security interests. Conservation of tropical forests and coral reefs is critical to mitigating the impact of climate change, providing clean water, and supporting sustainable jobs in developing countries.

**Table 1: Summary of Previous Appropriations and FY 2023 Request**
**Treasury International Programs**
**FY 2021 – FY 2023**
(in $ thousands)

| | FY 2021 Enacted | FY 2022 Full-year CR | FY 2022 Enacted[1] | FY 2023 Request | FY 2021 Enacted to FY 2023 | | FY 2022 Enacted to FY 2023 | |
|---|---|---|---|---|---|---|---|---|
| | | | | | $ Change | % Change | $ Change | % Change |
| **Multilateral Development Banks (MDBs)** | **1,481,244** | **1,481,244** | **1,527,172** | **1,906,315** | **425,071** | ***28.7%*** | **379,143** | ***24.8%*** |
| International Bank for Reconstruction and Development (IBRD) | 206,500 | 206,500 | 206,500 | 206,500 | 0 | *0.0%* | 0 | *0.0%* |
| International Development Association (IDA)[2] | 1,001,400 | 1,001,400 | 1,001,400 | 1,430,256 | 428,856 | *42.8%* | 428,856 | *42.8%* |
| African Development Bank (AfDB) | 54,649 | 54,649 | 54,649 | 54,649 | 0 | *0.0%* | 0 | *0.0%* |
| African Development Fund (AfDF) | 171,300 | 171,300 | 211,300 | 171,300 | 0 | *0.0%* | -40,000 | *-18.9%* |
| Asian Development Fund (AsDF) | 47,395 | 47,395 | 53,323 | 43,610 | -3,785 | *-8.0%* | -9,713 | *-18.2%* |
| **International Monetary Fund (IMF) Facilities and Trust Funds** | **0** | **0** | **102,000** | **20,000** | **20,000** | ***n.a.*** | **-82,000** | ***-80.4%*** |
| **Climate Change and Environment** | **139,575** | **139,575** | **274,288** | **2,300,200** | **2,160,625** | ***1548.0%*** | **2,025,912** | ***738.6%*** |
| Green Climate Fund (GCF) | 0 | 0 | 0 | 1,600,000 | 1,600,000 | *n.a.* | 1,600,000 | *n.a.* |
| Climate Investment Funds (CIFs) - Clean Technology Fund (CTF) | 0 | 0 | 125,000 | 550,000 | 550,000 | *n.a.* | 425,000 | *340.0%* |
| Global Environment Facility (GEF) | 139,575 | 139,575 | 149,288 | 150,200 | 10,625 | *7.6%* | 912 | *0.6%* |
| **Food Security** | **32,500** | **32,500** | **48,000** | **43,000** | **10,500** | ***32.3%*** | **-5,000** | ***-10.4%*** |
| International Fund for Agricultural Development (IFAD) | 32,500 | 32,500 | 43,000 | 43,000 | 10,500 | *32.3%* | 0 | *0.0%* |
| Global Agriculture and Food Security Program (GAFSP) | 0 | 0 | 5,000 | 0 | 0 | *n.a.* | -5,000 | *-100.0%* |
| **Office of Technical Assistance (OTA)** | **33,000** | **33,000** | **38,000** | **38,000** | **5,000** | ***15.2%*** | **0** | ***0.0%*** |
| **Debt Restructuring[3]** | **204,000** | **204,000** | **67,000** | **67,000** | **-137,000** | ***-67.2%*** | **0** | ***0.0%*** |
| G-20 Debt Service Sustainability Initiative, Common Framework on Debt Treatments, and Paris Club | 0 | 0 | 52,000 | 52,000 | 52,000 | *n.a.* | 0 | *n.a.* |
| Heavily Indebted Poor Countries Initiative (HIPC), Bilateral Debt Relief: Somalia and Sudan | 189,000 | 189,000 | 0 | 0 | -189,000 | *-100.0%* | 0 | *n.a.* |
| Tropical Forest and Coral Reef Conservation Act (TFCCA) | 15,000 | 15,000 | 15,000 | 15,000 | 0 | *0.0%* | 0 | *0.0%* |
| **TOTAL** | **1,890,319** | **1,890,319** | **2,056,460** | **4,374,515** | **2,484,196** | ***131.4%*** | **2,318,055** | ***112.7%*** |

1. These are the levels included in the Consolidated Appropriations Act, 2022.
2. In FY 2022, the Department of the Treasury also made a $300,000,000 grant to IDA, funded with American Rescue Plan Act resources, to support COVID-response activities during the IDA-19 replenishment period.
3. In FY 2021, Congress also appropriated, on an emergency basis, $120 million to Treasury's debt restructuring account for clearing Sudan's arrears with the IMF.

**Table 2: Unmet Commitments at International Financial Institutions**
**FY 2017 – FY 2023**
(in $ thousands)

| Institution | FY 2017 Enacted | FY 2018 Enacted | FY 2019 Enacted | FY 2020 Enacted | FY 2021 Enacted[1] | FY 2022 Estimate[2] | FY 2023 Projected |
|---|---|---|---|---|---|---|---|
| IDA Pledges | 620,534 | 485,264 | 485,264 | 485,264 | 426,574 | 337,318 | 337,318 |
| IDA MDRI | 643,845 | 822,665 | 1,006,855 | 1,236,345 | 1,503,865 | 1,801,195 | 2,115,145 |
| AfDF Pledges | 178,682 | 156,167 | 156,167 | 156,167 | 154,191 | 114,191 | 114,191 |
| AfDF MDRI | 112,067 | 134,377 | 157,904 | 172,014 | 196,711 | 225,879 | 242,765 |
| AsDF | 284,739 | 283,943 | 283,943 | 283,904 | 283,904 | 274,191 | 274,191 |
| GEF | 134,967 | 134,963 | 131,951 | 110,843 | 102,391 | 89,666 | 89,666 |
| IFAD | 3,833 | 3,833 | 3,833 | 3,833 | 3,833 | 3,833 | 3,833 |
| MIF/ IDB Lab | 25,710 | 25,710 | 25,710 | 25,710 | 25,710 | 25,710 | 25,710 |
| MIGA | 6,867 | 6,867 | 6,867 | 6,867 | 6,867 | 6,867 | 6,867 |
| **TOTAL** | **2,011,244** | **2,053,789** | **2,258,493** | **2,480,946** | **2,704,045** | **2,878,849** | **3,209,685** |
| **Total MDRI** | **755,912** | **957,042** | **1,164,759** | **1,408,359** | **1,700,576** | **2,027,074** | **2,357,910** |
| **Total ex-MDRI** | **1,255,332** | **1,096,746** | **1,093,734** | **1,072,587** | **1,003,469** | **851,775** | **851,775** |

1. The FY 2021 column reflects the levels at which unmet commitments stood after enactment of appropriations legislation and includes any early encashment credits/discounts received. It includes a payment to GEF for unmet commitments and credits/discounts received at IDA, the AfDF, and the GEF.
2. FY 2022 column reflects amounts appropriated by Congress in the Consolidated Appropriations Act, 2022. The decline in unmet commitments for IDA pledges of $89.25 million is due to the $300 million grant provided to IDA with resources from the American Rescue Plan Act.

## 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.*

## Mandatory Funding Levels for the FY 2023 President's Budget – Treasury Chapter

*(Dollars in Millions, Includes Legislative Proposals)*

***Consolidated Rows, Final Table***

| Appropriations (Dollars in Millions) | FY 2021 Actual | FY 2022 Estimated | FY 2023 Estimated | FY 2023 $ Change | FY 2023 % Change |
|---|---|---|---|---|---|
| Payment to the Resolution Funding Corporation | 1,367 | 920 | 920 | 0 | 0.0% |
| Interest on Uninvested Funds | 2 | 9 | 9 | 0 | 0.0% |
| Restitution of Forgone Interest | 0 | 1,135 | 0 | (1,135) | -100.0% |
| Federal Interest Liabilities to States | 0 | 1 | 1 | 0 | 0.0% |
| Interest Paid to Credit Financing Accounts | 12,762 | 10,813 | 13,320 | 2,507 | 23.2% |
| Refunding Internal Revenue Collections, Interest | 3,033 | 3,022 | 2,169 | (853) | -28.2% |
| Interest on Public Debt | 562,388 | 562,235 | 580,638 | 18,403 | 3.3% |
| Other Interest | (50,891) | (55,355) | (49,441) | 5,914 | -10.7% |
| INTEREST PAYMENTS | $528,661 | $522,780 | $547,616 | $24,836 | 4.8% |
| **NON-COVID MANDATORY ACCOUNTS** | | | | | |
| Build America Bond Payments, Recovery Act | 3,012 | 2,614 | 2,587 | (27) | -1.0% |
| Capital Magnet Fund, Community Development Financial Institutions | 371 | 368 | 221 | (147) | -39.9% |
| Check Forgery Insurance Fund | 21 | 1 | 1 | 0 | 0.0% |
| Cheyenne River Sioux Tribe Terrestrial Wildlife Habitat Restoration Trust Fund | 1 | 1 | 1 | 0 | 0.0% |
| Child and Dependent Care Tax Credit | 0 | 7,630 | 50 | (7,580) | -99.3% |
| Claims, Judgments, and Relief Acts | 8,480 | 2,458 | 2,747 | 289 | 11.8% |
| Community Development Financial Institutions Fund Program Account | 17 | 19 | 1 | (18) | -94.7% |
| Community Development Financial Institutions Fund Program, Emergency Support | 3,000 | 0 | 0 | 0 | 0.0% |
| Community Financial Development Institutions Affordable Housing Supply Fund [1] | 0 | 0 | 5,000 | 5,000 | 0.0% |
| Comptroller of the Currency | 1,166 | 1,191 | 1,191 | 0 | 0.0% |
| Continued Dumping and Subsidy Offset | 4 | 10 | 9 | (1) | -10.0% |
| Exchange Stabilization Fund | 11,655 | 50 | 353 | 303 | 606.0% |
| Federal Financing Bank | 2,204 | 2,560 | 2,595 | 35 | 1.4% |
| Federal Reserve Bank Reimbursement Fund | 620 | 665 | 685 | 20 | 3.0% |
| Federal Tax Lien Revolving Fund | 1 | 3 | 3 | 0 | 0.0% |
| Financial Agent Services | 909 | 1,015 | 1,011 | (4) | -0.4% |
| Financial Research Fund | 69 | 92 | 94 | 2 | 2.2% |
| Fiscal Service Debt Collection | 149 | 187 | 221 | 34 | 18.2% |
| GSE Mortgage-backed Securities Purchase Program Account | 1 | 1 | 1 | 0 | 0.0% |
| Gulf Coast Restoration Trust Fund | 317 | 308 | 309 | 1 | 0.3% |
| Internal Revenue Collections for Puerto Rico | 520 | 524 | 451 | (73) | -13.9% |
| IRS Informant Payments | 26 | 80 | 80 | 0 | 0.0% |
| IRS Miscellaneous Retained Fees | 393 | 353 | 350 | (3) | -0.8% |
| IRS Private Collection Agent Program | 217 | 150 | 169 | 19 | 12.7% |
| Office of Financial Stability | 41 | 38 | 34 | (4) | -10.5% |
| Payment of Government Losses in Shipment | 0 | 2 | 2 | 0 | 0.0% |
| Payment to Issuer of New Clean Renewable Energy Bonds | 57 | 41 | 40 | (1) | -2.4% |
| Payment to Issuer of Qualified Energy Conservation Bonds | 43 | 35 | 35 | 0 | 0.0% |
| Payment to Issuer of Qualified School Construction Bonds | 797 | 563 | 559 | (4) | -0.7% |
| Payment to Issuer of Qualified Zone Academy Bonds | 54 | 40 | 40 | 0 | 0.0% |
| Payment to United States Virgin Islands and Puerto Rico for Disaster Tax Relief | 0 | 51 | 0 | (51) | -100.0% |
| Payment Where Adoption Credit Exceeds Liability for Tax | 0 | 0 | 0 | 0 | 0.0% |
| Payment Where American Opportunity Credit Exceeds Liability for Tax | 3,967 | 3,250 | 3,108 | (142) | -4.4% |
| Payment Where Certain Tax Credits Exceed Liability for Corporate Tax | 9,160 | 1,294 | 10 | (1,284) | -99.2% |
| Payment Where Child Tax Credit Exceeds Liability for Tax | 78,959 | 98,501 | 29,112 | (69,389) | -70.4% |
| Payment Where Earned Income Credit Exceeds Liability for Tax | 60,757 | 68,453 | 57,135 | (11,318) | -16.5% |
| Payment Where Health Coverage Tax Credit Exceeds Liability for Tax | 23 | 20 | 0 | (20) | -100.0% |
| Presidential Election Campaign Fund | 24 | 25 | 25 | 0 | 0.0% |
| Refundable Premium Tax Credit | 68,721 | 62,672 | 46,235 | (16,437) | -26.2% |
| Reimbursements to Federal Reserve Banks | 157 | 183 | 188 | 5 | 2.7% |
| Small Business Lending Fund Program Account | 2 | 2 | 2 | 0 | 0.0% |
| Terrorism Insurance Program | 3 | 30 | 79 | 49 | 163.3% |
| Travel Promotion Fund | 60 | 16 | 58 | 42 | 262.5% |
| Treasury Forfeiture Fund | 696 | 580 | 577 | (3) | -0.5% |
| Troubled Asset Relief Program Equity Purchase Program | 5 | 12 | 0 | (12) | -100.0% |
| Subtotal, NON-COVID MANDATORY ACCOUNTS | $256,679 | $256,088 | $155,369 | ($100,719) | -39.3% |
| **COVID MANDATORY ACCOUNTS** | | | | | |
| Air Carrier Worker Support [2] | 31,000 | (3,200) | 0 | 3,200 | -100.0% |
| Coronavirus Relief Fund | 362,050 | 0 | 0 | 0 | 0.0% |
| Economic Impact Payments [3] | 569,508 | 6,604 | 24 | (6,580) | -99.6% |
| Economic Stabilization Program Account [4] | (477,890) | (1,363) | 0 | 1,363 | -100.0% |
| Emergency Capital Investment Fund | 9,000 | 0 | 0 | 0 | 0.0% |

| Appropriations (Dollars in Millions) | FY 2021 Actual | FY 2022 Estimated | FY 2023 Estimated | FY 2023 $ Change | FY 2023 % Change |
|---|---|---|---|---|---|
| Emergency Rental Assistance | 46,547 | 0 | 0 | 0 | 0.0% |
| Fiscal Service Salaries and Expenses [5] | 23 | 0 | 0 | 0 | 0.0% |
| Homeowner Assistance Fund | 9,958 | 0 | 0 | 0 | 0.0% |
| IRS Business Systems Modernization [5] | 500 | 0 | 0 | 0 | 0.0% |
| IRS Operations Support [5] | 940 | 0 | 0 | 0 | 0.0% |
| IRS Taxpayer Services [5] | 422 | 0 | 0 | 0 | 0.0% |
| Office of Inspector General [5] | 6 | 0 | 0 | 0 | 0.0% |
| State Small Business Credit Initiative | 10,000 | 0 | 0 | 0 | 0.0% |
| Transportation Services Economic Relief | 2,000 | 0 | 0 | 0 | 0.0% |
| Treasury Inspector General for Tax Administration [5] | 8 | 0 | 0 | 0 | 0.0% |
| U.S. Coronavirus Refundable Credits [3] | 10,143 | 9,000 | 20 | (8,980) | -99.8% |
| Subtotal, COVID MANDATORY ACCOUNTS | $574,215 | $11,041 | $44 | ($10,997) | -99.6% |
| *Offsets:* | | | | | |
| Treasury Mandatory Offsetting Receipts | (22,140) | (12,955) | (8,622) | 4,333 | -33.4% |
| Treasury Offsetting Collections | (15,048) | (3,806) | (4,143) | (337) | 8.9% |
| **TOTAL, DEPARTMENT OF THE TREASURY** | **$1,322,367** | **$773,148** | **$690,264** | **($82,884)** | **-10.7%** |

[1] The 2023 Budget proposes $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.

[2] The Infrastructure Investment and Jobs Act (PL 117-58) Section 90007 rescinded $3 billion from CARES Act Section 4120 budget authority and $200 million from the P.L 116-260 Division N Sec. 411 budget authority.

[3] Current estimates include anticipated claims through FY 2023 for the third round of Economic Impact Payment Recovery Rebate Credits and the U.S. Coronavirus Refundable Credit Employee Retention Credits.

[4] The Consolidated Appropriations Act, 2021 (P.L. 116-260) Sec. 1003 rescinded $478.8 billion in budget authority from this program in 2021 and the Infrastructure Investment and Jobs Act (PL 117-58) Sec. 90007 further rescinded $1.4 billion in 2022.

[5] The American Rescue Plan Act (PL 117-2) provided Fiscal Service Salaries and Expenses, IRS Business Systems Modernization, IRS Operations Support, IRS Taxpayer Services, Office of Inspector General, Treasury Inspector General for Tax Administration mandatory funding in 2021.

### Total Department of the Treasury (Treasury) Mandatory Budget

The Treasury Mandatory Budget includes $690 billion dollars in interest payments, mandatory accounts, and offsetting receipts and collections (offsets). These accounts and the estimated budget authority are summarized above. For more detailed descriptions of each account, please see the Department of the Treasury chapter in the FY 2023 Appendix, Budget of the U.S. Government at: http://www.whitehouse.gov/omb/budget.

### Interest Payments - $548 billion

These are permanent, indefinite funds for interest payments. This includes Interest on the Public Debt, which consists of all interest paid on Treasury securities sold to the public and to Federal Government trust funds, revolving funds and deposit funds. Treasury interest payment accounts also consist of Refunds on Internal Revenue Collections interest, Interest on Uninvested Funds, Interest paid to Credit Financing Accounts, Federal Interest Liabilities to the States, and Payments to the Resolution Funding Corporation.

### Mandatory Accounts - $155 billion

These are accounts for which the Congress has given the Department of the Treasury permanent authority to expend funds as appropriations. These include appropriations that fund a number of programs under Treasury jurisdiction such as the Terrorism Risk Insurance Program and the Treasury Forfeiture Fund. Other accounts that fall under mandatory programs include all Internal Revenue Service refundable tax credit accounts, certain user fees, and informant payments. The Department is also a custodian for a number of government accounts and funds listed in this section and further detailed in the FY 2023 Appendix, Budget of the U.S. Government.

Treasury is responsible for administering multiple relief and recovery programs authorized through the Families First Coronavirus Response Act, Coronavirus Aid, Relief, and Economic

Security Act, Consolidated Appropriations Act, 2021, and the American Rescue Plan Act of 2021. The Office of Recovery Programs, managed by the Chief Recovery Officer, 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.

**Offsets - $13 billion**

Offsets include payments to the Government that are not credited directly to expenditure accounts (offsetting receipts) and payments credited directly to accounts from which they will be spent (offsetting collections). The receipts offset gross budget authority and outlays at the agency or bureau level. The collections offset gross budget authority and outlays at the account level.

Treasury's mandatory offsetting receipts primarily include Government Sponsored Enterprises (GSE) fees, debt collection fees, and proceeds from air carrier equities received by Treasury pursuant to CARES Act, CAA, 2021 and ARP payroll support programs. Treasury's mandatory offsetting collections include the payments made to accounts such as the Office of Comptroller of the Currency, Federal Financing Bank, and the Exchange Stabilization Fund.