Departmental Offices - S & E

FY 2011

Congressional Justification

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Departmental Offices Salaries & Expenses

Mission Statement

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

Program Summary by Budget Activity

(Dollars in thousands)

Appropriation	FY 2009		FY 2010	FY 2011		
	ARRA	Enacted	Enacted	Request	$ Change	% Change (Plus Admin Allocation)*
Executive Direction	$0	$21,619	$21,983	$38,587	$16,604	76%
Economic Policies and Programs	$0	$45,910	$47,249	$70,562	$23,313	49%
Financial Policies and Programs	$0	$36,038	$48,580	$91,212	$42,632	88%
Terrorism and Financial Intelligence	$0	$62,098	$64,611	$102,613	$38,002	59%
Treasury-wide Management and Programs	$0	$21,600	$22,679	$43,426	$20,747	91%
Administration Programs	$131,000	$91,604	$99,786	$0	($99,786)	(100.0%)
Total Appropriated Resources	**$131,000****	**$278,869**	**$304,888**	**$346,401**	**$41,513**	**13.6%**
Total FTE	**892**	**1,204**	**1,266**	**1,342**	**76**	**5.6%**

*FY 2011 numbers and percentage changes reflect the reallocation of the Administration Programs dollars to their respective budget activities, resulting in across-the-board increases to other budget activities.
**ARRA funding includes $122 million for IRS, $6 million for FMS, and $3 million for DO

FY 2011 Priorities

As part of developing the FY 2011 Budget and performance plan, the Department of the Treasury has also identified a limited number of high priority performance goals that will be a particular focus over the next two years.

<u>Goal 1</u>: Repair and reform the financial system
Measures and milestones:

- Complete up to four million trial mortgage loan modifications by December 31, 2012.
- Implement strong, comprehensive regulatory reform to restore stability and accountability to the financial system.

<u>Goal 2</u>: Increase voluntary tax compliance
Measures and milestones:

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

<u>Goal 3</u>: Significantly increase the number of paperless transactions with the public
Measures and milestones:

- Increase electronic payment, collections, and savings bonds transactions by 33 percent by the end of FY 2011.
- Increase individual E-file rate to 81 percent.

Section 1 – Purpose

1A – Description of Bureau Vision and Priorities

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

The FY 2011 budget request supports DO's leading role in accomplishing key objectives:

• ***Managing the Government's Finances*** **–** The Department of Treasury will improve the effectiveness, reliability, security, and transparency of the U.S. financial system. DO forecasts receipts and payments, determines borrowing needs, and executes the borrowing strategy to meet the financial needs of the federal government.

• ***Securing America's Economic and Financial Future*** **–** The Departmental Offices will continue to develop and implement policies that promote economic growth as well strengthen global financial stability and open trade and investment policies to foster U.S. export and job opportunities in order to maintain America's economic strength and prosperity.

• ***Strengthening National Security*** **–** The Departmental Offices lead the U.S. Government's effort to keep the world's financial systems accessible to legitimate users, while excluding those who wish to exploit the systems for illegal purposes. The Department is integral to countering terrorist organizations' financing networks. The Departmental Offices implement targeted financial measures in the form of sanctions with the goal of stopping the flow of money to terrorist organizations, drug traffickers, money launderers, weapons proliferators, rogue regimes and their support networks that constitute a threat to the United States. The Department also supports national security objectives by strengthening the economic policies and the capacity of core institutions in countries of vital national security interest to the United States, including Afghanistan, Pakistan, and Iraq.

• ***Producing Effective Results*** **–** The Department is committed to creating the conditions that maximize program and activity efficiency and effectiveness, while continuing to drive results through performance and cost-based decision-making through department-specific ownership of administrative costs.

1B – Program History and Future Outlook

From the beginning of this Administration, Treasury has confronted extraordinary challenges: a severe recession here and around the world; a catastrophic loss of trust and confidence in our financial system; unprecedented foreclosure rates; small businesses struggling to stay afloat; and millions of Americans worried about losing their jobs and their savings. The current economic challenges that the United States faces require bold and comprehensive action. Treasury has responded to these challenges with an array of programs and initiatives to reignite growth, restore our financial system, and strengthen the U.S. and global economy.

Historically, the Treasury Department has affected Americans in their daily lives in many different ways, by collecting the taxes that build roads, fund vital programs, and protect our security. Now, in the face of severe challenges, Treasury is helping individuals and families in even more immediate ways. Treasury is acting to address multiple facets of this complicated economic crisis with new, comprehensive programs that are helping to stabilize the economy and the financial system—at home and abroad. Treasury has actively worked to strengthen the global economy and financial systems, as well as maintain open trade and investment policies, to foster improved economic opportunities for all Americans. Treasury is also taking a leading role in the design and implementation of the Administration's financial regulatory reform agenda to ensure that the circumstances that created this crisis are not allowed to re-emerge. While there is still more work to be done, Treasury has already accomplished a great deal during this FY, and will continue to work at an unprecedented pace to restore balance and growth to our economy. The section below describes the highlights of Treasury's critical achievements in the past year related to America's economic and financial future, and lays out key priorities going forward.

Tax Policy

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

<u>American Recovery and Reinvestment Act</u>. Treasury has played a critical role in the implementation of key provisions of the American Recovery and Reinvestment Act (Recovery Act). Treasury is responsible for implementing more than 30 tax changes that have and will continue to provide relief to the American taxpayer. Under the Recovery Act, 70 percent of the tax benefits target the middle 60 percent of American workers, and an estimated 2 million families will be lifted out of poverty as a result of Recovery Act tax cuts. Furthermore, it is estimated that over 1 million jobs will be saved or created from these tax cuts alone.

<u>Build America and School Bonds Program</u>. The Build America Bonds and School Bonds program was introduced to help states and localities pursue needed capital projects, such

as infrastructure development and public school construction. Over $8 billion of Build America Bonds have been sold. Over the next year to 18 months, an estimated $100 billion and $150 billion will be sold into the market.

Domestic Finance

Domestic Finance advises and assists in areas of domestic finance, banking, and other related economic matters. In addition, this office develops policies and guidance in the areas of financial institutions, federal debt finance, financial regulation, capital markets, financial management, fiscal policy, and cash management decisions.

Treasury has taken a leadership role in addressing the financial crisis with a comprehensive, forceful, and sustained response. The Financial Stability Plan, as well as the subsequent initiatives that have built on the Plan, are designed to mitigate the immediate effects of the crisis and to restore balance and growth to our economy. Treasury, working with others in the Administration, has introduced a series of programs that address multiple aspects of the complicated financial crisis. These programs include an unprecedented "stress test" of the nation's largest banks that attracted a wave of private capital to the sector; capital support for financial institutions; targeted initiatives to support key credit markets for consumer and small businesses; critical support for the auto industry during a period of necessary restructuring; and assistance to at-risk homeowners to reduce mortgage rates and limit the number of foreclosures.

<u>Office of Financial Institutions</u>

Key areas of recent work and future priorities for the Office of Financial Institutions include:

<u>Reforming the U.S. Financial Regulatory System.</u> Treasury has taken the lead within the Administration in developing and promoting a sweeping financial regulatory reform plan that will lay a new, solid foundation for growth. Such a plan will help increase stability in the financial markets and prevent the next crisis, by streamlining and strengthening the prudential regulatory system (including raising capital requirements), closing loopholes that allowed some firms to escape appropriate regulation, and creating strong safeguards for previously under-regulated financial markets, such as those for over-the-counter derivatives and asset-backed securities. The plan will strengthen protections for consumers and investors, through a proposal to establish a dedicated Consumer Financial Protection Agency. Finally, the plan will protect the economy and taxpayer from future crises in the financial markets by giving the government the tools to safely and efficiently wind down nonbank financial institutions whose failure would pose a threat to the system.

<u>Addressing the housing crisis and ensuring strong housing policies going forward</u>. The Office of Financial Institutions has played a key role in developing the Administration's housing crisis response policies. The Office has helped develop and expand the Making Home Affordable program, and is also playing a critical part in shaping the

Administration's mortgage finance policy, including policy with regard to housing finance markets and the future roles of Fannie Mae and Freddie Mac.

Protecting financial consumers. In the spring of 2009, the Office of Financial Institutions established a Deputy Assistant Secretary for Consumer Protection, which oversees the Office of Consumer Protection. Consumer Protection has developed and promoted the consumer and investor planks of the Administration's financial regulatory reform agenda, including the proposed establishment of a new Consumer Financial Protection Agency. Going forward, the Office of Consumer Protection will play an ongoing role as a leader in developing federal consumer and investor protection policy.

Managing diverse financial institution regulatory issues. The Office of Financial Institutions has also led Treasury's efforts in a diverse range of financial regulatory matters, including amending the Preferred Stock Purchase Agreements with Fannie Mae and Freddie Mac, operating Treasury's Temporary Money Market Mutual Fund Guarantee Program, supporting the Secretary as a Board member on the Pension Benefit Guaranty Corporation (which included a suspension of the recent investment policy), and representing Treasury on the Board of the Securities Investor Protection Corporation (including managing the consequences of the Madoff fraud).

Promoting financial education and access to financial services. The Office of Financial Education (OFE), under the Office of Financial Institutions, develops policies that promote financial empowerment and works with other agencies to help ensure that families and individuals have the knowledge, skills, and access they need to make wise financial choices. OFE also serves a key leadership role with respect to the President's Advisory Council on Financial Literacy and the Financial Literacy and Education Commission. In FY 2010, OFE has worked with the Community Development Financial Institutions Fund to create the Bank on USA Initiative, a newly proposed program that will promote access to affordable and appropriate financial services and basic consumer credit products for households without access to such products and services.

Office of Financial Markets

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

Successfully financing the federal debt. IN FY 2009, the Office of Debt Management conducted 296 auctions, issuing over $8.86 trillion in marketable securities and raising over $1.78 trillion in new cash, a significant increase from the previous record of $760 billion in FY 2008. This year's financing needs were completed through a number of changes to the auction calendar, which included both increases in the frequency of existing securities and the introduction of new securities. The Office pursued a number of policies to support the liquidity and functioning of the market for Treasury securities.

Supporting the housing market through purchases of mortgage-backed securities. Under the authority granted to Treasury in the Housing and Economic Recovery Act of 2008, the Office of Debt Management has purchased $225 billion of Agency mortgage-backed securities to support the housing market. This has helped keep mortgage rates at historically low levels for consumers across the country, reducing economic pressure on families and helping to stem the tide of foreclosures.

Modernizing Treasury's lending and investment MOUs. The Office of Policy and Legislation Review is working with its Agency borrowers on new, comprehensive Agency-Treasury agreements that cover borrowing and investing relationships with Treasury. Treasury policies and procedures are clearly defined in writing, providing transparency to all parties.

Office of Fiscal Service

The Office of Fiscal Service has been invaluable in the following achievements:

Promoting financial stability. Over the last year, the Fiscal Service established an unprecedented new government infrastructure to implement and manage the Treasury's investments – including securities, loans, guarantees, and equity ownership – under the Housing and Economic Recovery Act (HERA) and the Emergency Economic Stabilization Act (EESA). This infrastructure includes the ability to perform investment accounting, pricing, valuation, and cash flow projections; payments, collections, and cash management processing; asset management and servicing; and transaction closing and asset custody activities.

Implementing programs under the American Recovery and Reinvestment Act. The Fiscal Service has implemented two new programs establishing cash payments in lieu of tax credits under the American Recovery and Reinvestment Act of 2009. Over the past year, Treasury received over 92 applications from 51 state housing agencies and awarded $4 billion for the Payments to States for Low Income Housing Projects in Lieu of Tax Credits. Additionally, Treasury has awarded over $1.95 billion to 190 applicants under the Payments for Specified Renewable Energy Property in Lieu of Tax Credits program.

Enhancing reporting and modernizing systems. In addition to continued support for the Treasury's financial stability and economic recovery efforts, in the coming year the Fiscal Service will work to produce more accurate and useful financial statements and reports for the public, as well as to modernize systems and processes to reduce operating costs and improve the robustness of the government's financial infrastructure.

In FY 2010, the office will create the Office of Federal Financial Transformation (OFFT) program to develop and expand efforts to support shared, government-wide financial solutions associated with agency financial management services (e.g., invoice processing, cash collections, interagency agreement management), that will allow for the elimination of redundant processing of information. This program will eliminate the passing of financial information from one location or entity to the next. Instead, the transactions and information will reside in one location and users, stakeholders and the public will be able to access the information or append to the information without requiring the movement of the data. This will streamline processes and allow for more transparency of information.

This program will be run by the new Office of Financial Transformation funded by the government-wide CFO Council. Contract resources are requested to support this effort in the Departmental-wide Systems and Capital Investment (DSCIP) budget request.

Economic Policy

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

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

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

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

The Office has also provided expertise on policy development in the areas of climate change, energy and infrastructure. In addition, the office will continued to carry out its traditional responsibilities in the preparation of the Administration's budget and supporting the Secretary of the Treasury in his roles as Chairman and Managing Trustee of the Social Security and Medicare Boards of Trustees.

International Affairs

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

Supporting the Global Recovery to Help Promote U.S. Growth.
Treasury has led efforts to mitigate the impact of the global financial crisis and avert a more serious economic depression through global leadership that involved unprecedented

global cooperation. Treasury's leadership was critical to the U.S. role in securing in G-20 Leaders' commitments at the Washington and London Summits on measures to combat the global economic and financial crisis. Treasury has also secured strong multilateral support at the G-20 meetings for robust, coordinated policy response to reverse the global economic slide and take all necessary steps to restore public confidence, economic growth, and job creation for the U.S. economy. Treasury has worked closely with the International Financial Institutions (IFIs), other U.S. agencies, and via Treasury's technical assistance program, to rapidly respond to the global crisis, encouraging the IFIs to respond quickly with assistance and ensuring that they have adequate resources to do so. In particular, Treasury secured Congressional approval to provide the International Monetary Fund with supplemental resources to backstop the IMF's lending capacity and restore confidence to the global financial system. Treasury has also led efforts to strengthen international financial regulation through the Financial Stability Board and other international forums to ensure high-quality standards around the globe.

Deepening U.S. Engagement with Key Emerging Markets and Priority Countries. Given the increasingly interconnected global economy, Treasury has led efforts to engage emerging market economies to pursue more balanced and sustainable growth patterns, open markets for U.S. exports, and create new job and economic opportunities for American workers. To this end, Treasury has undertaken strategic dialogues with China, India, Russia, Afghanistan, Pakistan, and Iraq. Treasury has closely focused on engaging currency adjustment and expanding export opportunities for American businesses to strengthen the U.S. economy, specifically working closely with China and other leading emerging markets.

Economic policy cooperation between the U.S. and China has been one of the most important elements of the international effort aimed to rebalance growth. The meeting of the U.S.-China Strategic and Economic Dialogue held in Washington in July 2009 offered an opportunity for candid communication in which the United States and China reaffirmed their commitment to maintaining strong policy responses to support global recovery, and committed to a new framework for achieving more sustainable and balanced growth once global recovery is assured. These engagements will continue in bilateral, regional and multilateral channels.

Maintaining Attractiveness of the U.S. Investment and Trade Environment. Through a number of priority initiatives and responsibilities, Treasury promotes and reinforces open and transparent international trade and investment regimes at home and abroad, which are essential to U.S. growth and competitiveness. As Chair of the Interagency Committee on Foreign Investment in the United States (CFIUS), Treasury helps maintain an open investment environment by focusing CFIUS reviews of foreign investments solely and rigorously on protecting U.S. national security, consistent with statutory authority. Treasury also supports trade liberalization and budget discipline through its role in negotiating, implementing, and policing international agreements to reduce official export subsidies. Treasury has drastically reduced the subsidies that member governments of the Organization for Economic Co-operation and Development (OECD) can provide when financing national exports. The OECD agreements open markets and level the playing field for U.S. exporters and save U.S. taxpayers $800 million annually. Treasury has actively engaged in interagency deliberations and decisions impacting on at least 55 specific trade actions. Treasury actively fights to keep markets open by supporting efforts by the G-20 leaders to refrain from new protectionist measures during the period of the global economic crisis.

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

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

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

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

Treasury has played a critical role in the formulation of the President's Afghanistan-Pakistan Strategy and has been instrumental in focusing attention on the important connections among macroeconomic stability, effective public financial management, security, and political stability. Treasury participation was key to ensuring an extension of Afghanistan's debt relief from the Paris Club, which will provide Afghanistan an opportunity to reach the Completion point for Heavily Indebted Poor Countries before April 2010, resulting in the cancellation of all remaining Paris Club claims. Treasury has led support for Kosovo's integration into the global financial and economic communities by facilitating and developing support for Kosovo's membership in the International Monetary Fund (IMF) and World Bank. This has provided a solid foundation to reinforce our efforts to promote peace and prosperity in the region. Treasury also successfully negotiated the release of two installments of US credit guarantees of Israeli debt under the Israel-US Loan Credit Guarantee Agreement. Treasury has helped the Government of Iraq to successfully complete the IMF Stand-By Arrangement, leading to the release of final installment of Paris Club debt relief. Treasury also hosted the US-Iraq "Forum on Iraq Financial Issues" to help the Iraqi Government formulate and execute economic policies that are consistent with a sovereign, secure, and self-reliant Iraq.

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

Terrorism and Financial Intelligence

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

In FY 2009, Treasury designated 31 entities and individuals under Executive Order 13382 -- an authority aimed at freezing the assets of weapons of mass (WMD) proliferators and those who support them in the Asian and Middle East regions. Under Executive Order (E.O.) 13448 and 13464, two individuals and 23 entities were designated, imposing financial pressure against key financial backers of the Burmese regime. Treasury also targeted five individuals pursuant to E.O. 13413 targeting political or military leaders of foreign armed groups operating in African continent. Under E.O. 13469, Treasury designated four individuals and 21 entities, targeting those who provide financial and other support to the Zimbabwe government and Zimbabwean Specially Designated Nationals (SDNs) and thwarting the financial and logistical support they provided to the regime enabled Robert Mugabe to pursue policies that seriously undermine democratic processes and institutions in Zimbabwe.

In FY 2009, Treasury designated 26 individuals as Specially Designated Global Terrorists pursuant to E.O. 13224. These actions included the designation of Abdul Haq, leader of the Eastern Turkistan Islamic Party (ETIP) and responsible for terrorist acts in China and four Pakistan-based individuals who provided direct support to Al Qaida and Lashkar-e Tayyiba.

The Foreign Narcotics Designation Kingpin Act gives Treasury the authority to apply economic sanctions against foreign narcotics trafficking worldwide. In FY 2009, Treasury designated a Mexican pharmaceutical company diverting precursor materials for methamphetamine production, four key leaders of the Gulf Cartel in Mexico, three members of the Revolutionary Armed Forces of Colombia's (FARC) international committee, and a FARC trafficking associate in Costa Rica. Additionally, Treasury designated a drug trafficking network in Asia and the financial network of Peruvian drug Kingpin Fernando Zevallos. Additionally, Treasury designated 42 individuals and 37 entities pursuant to E. O. 12978 targeting drug trafficking centered in Colombia. Treasury also designated a money laundering network based in Colombia and Mexico resulting in the identification of a major narcotics trafficking organization centered in Medellín, Colombia.

Treasury serves as the lead or co-chair on several international working groups within the Financial Action Task Force (FATF) and FATF-style regional bodies (FSRB). These working groups have produced valuable guidance and reports for identifying and addressing vulnerabilities in the international financial system. This international outreach effort includes the promotion of financial system standards and safeguards through bilateral relationships and multilateral organizations. In FY 2009, Treasury participated in or reviewed over 50 mutual evaluations or assessments of jurisdictions' compliance with international anti-money laundering and counter-terrorist financing standards. Treasury also offered training and other technical assistance to counterparts abroad working to create effective anti-money laundering frameworks and financial regulation and oversight capable of combating terrorist finance. Further, Treasury promulgates policy related to money laundering and related financial crimes, including addressing emerging value transfer mechanisms and other challenges to financial transparency. Throughout the year, Treasury continued to develop conduct-based sanctions and executive orders to target illicit actors and works closely with the private sector, both individuals and financial institutions, to amplify these targeted measures. Treasury staff also worked with counterparts in foreign governments to extend U.S. sanctions efforts through corresponding sanctions in foreign jurisdictions.

Treasury continues to enhance its efforts to provide timely, accurate, actionable, and policy-relevant intelligence analysis. These threats are addressed by strengthening our understanding of the global financial network and encompass four areas: the financial underpinnings of national security threats, foreign leadership's and adversaries' plans, intentions, and financial vulnerabilities, the impact of targeted financial measures, and threats to international financial stability. As the Treasury Department's national security role has grown, so has its potential as a target for foreign intelligence services and non-state actors such as terrorists and criminal groups. In FY 2009, Treasury pursued this objective by developing and implementing a counterintelligence and security program commensurate with the Department's national security responsibilities.

Treasury-Wide Management

Producing Effective Results. The Departmental Offices (DO) continues to provide effective management tools necessary to execute its mission. Essential components required for achieving the DO mission include human resources, emergency planning, information technology, financial services, and procurement.

In 2009, DO undertook several core management projects to ensure that the Department produced effective results for the American people. DO was able to account for approximately $1.8 billion in collections associated with the Exchange Stabilization Fund Money Market Guarantee Program. In addition, DO has awarded 36 contracts valued at over $125 million for the Troubled Asset Relief Program (TARP) since October 2008, with no adverse GAO findings after five audits. In support of the Recovery Act, Treasury has awarded 12 contract actions and obligated $55.4 million in Recovery Act funds since March 2009.

Human Capital Management developed several Treasury-wide strategic initiatives including the design of user-friendly vacancy announcement templates, piloting an employee exit survey to identify systemic causes of employee attrition and developing a Treasury-wide recruitment "brand" that leverages the Treasury name and reputation.

The Treasury Department provides a secure information technology infrastructure. In FY 2009, Treasury strengthened its networks and improved sensitive data protection by tightening security policies, implementing safeguards to reduce exposure to Internet-based threats, strengthening the security configuration of its desktop and laptop systems by deploying the Federal Desktop Core Configuration, and achieving 97 percent and 98 percent completion rates for certification/accreditation and annual contingency plan testing, respectively. In FY 2010, we will continue the work we have begun to deploy Domain Name Server Extensions (DNSSEC) and the DHS Internet Security Sensors ("Einstein II") and conduct in-depth pilots of data leakage prevention tools.

In acknowledgement of the social and economic impacts our programs have on the lives of Americans, the Department is working on the development of rigorous, independent program evaluations for FY 2011. These evaluations will allow us to measure program effectiveness and will further strengthen our capacity to conduct similar evaluations on current and future programs. Engaging in evaluations of Treasury programs will provide our management and policy makers with the information needed to invest in effective programs and target problems in programs found to be ineffective. All of our proposed evaluation initiatives will be coordinated within our Departmental Offices, and in two cases, in partnership with other federal agencies.

Finally, in FY 2011, DO propose to re-allocate administrative expenses by operational budget activity, instead of maintaining a separate budget activity just for administrative expenses. The reallocation will make each of the DO offices responsible for the most efficient utilization of their administrative costs and will result in a level funding stream allocation for each budget activity, which will be sustained through future years. Resources and programs which are currently housed within this budget activity will be transferred directly to DO's policy budget activities utilizing a per- cost weighted cost allocation methodology. This re-alignment of resources will ensure that the policy offices feel ownership for their administrative costs, thereby eliminating the problem of free ridership which can occur when offices do not directly manage their resources. It will also give oversight officials a better understanding of the full cost of each program within DO.

Section 2 – Budget Adjustments and Appropriation Language

2.1 – Budget Adjustments Table

Dollars in Thousands

Departmental Offices - S & E		
FY 2010 Enacted	1,265.5	304,888
Changes to Base:		
Base Realignment:	16.5	$0
Base Realignment	16.5	-
Maintaining Current Levels (MCLs):	-	$5,584
FERS % Change	-	374
Non-Pay Inflation Adjustment	-	1,762
Pay Annualization	-	935
Pay Inflation	-	2,513
Non-Recurring Costs:	-	($2,500)
National Academy of Science Transfer	-	(2,500)
Efficiencies Savings:	(3)	($10,603)
DO IT Contract Savings	-	(5,300)
DAS Operations	-	(1,700)
Operations Center	-	(1,500)
Centralized Services	-	(500)
TFI and IA Office Savings	(3)	(1,603)
Subtotal FY 2011 Changes to Base	10.5	($7,519)
Total FY 2011 Base	1,279	297,369
Program Changes:		
Program Increases:	63	$49,032
Domestic Finance Capacity Building	24	16,681
IA Multilateral Meeting Support	-	6,739
Program Evaluations	-	5,292
OIA Global Finance Initiative	10	3,600
Cyber Security	-	3,000
Alpha Computers Modeling Systems	-	2,750
Procurement Improvements	10	2,500
Tax Policy Capacity Building	8	2,400
Recovery Act	3	2,000
Economic Policy Capacity Building	6	2,000
Global Tax Forum	-	1,000
OIA Counterproliferation	2	770
OIA IT Connectivity/Information Sharing	-	300
Subtotal FY 2011 Program Changes	63	$49,032
Total FY 2011 Budget Request	**1,342**	**346,401**

2A – Budget Increases and Decreases Description

Base Realignment .... +$0 / +16.5 FTE

Base Realignment +$0 / +17 FTE

This realigns Secure Communications positions previously located within the Treasury Working Capital Fund. These positions were moved back into DO because they only support DO, and not other bureaus.

Maintaining Current Levels (MCLs) .... +$5,584,000 / +0 FTE

FERS % Change +$374,000 / +0 FTE

Funds are requested for the increase in agency retirement contribution percentages for GS employees from 11.2 percent to 11.5 percent for FY 2011 as required by OPM.

Non-Pay Inflation Adjustment +$1,762,000 / +0 FTE
Funds are requested for non-pay related items such as contracts, travel, supplies, equipment and GSA rent.

Pay Inflation +$2,513,000 / +0 FTE
Funds are requested for the FY 2011 pay increase.

Pay Annualization +$935,000 / +0 FTE
Funds are requested for the FY 2011 cost of the 2010 pay raise.

Efficiencies Savings ....-$10,603,000 / -3 FTE

Departmental Offices IT Contract Savings -$5,300,000 / +0 FTE
Savings will be realized through contracting improvement and more efficient use of and reduced IT consumption. These savings will be realized proportionally across all of DO because of the re-alignment of the Administration Programs budget activity based on a per capita ratio.

Deputy Assistant Secretary of Operations -$1,700,000 / +0 FTE
Reduction will be realized through more efficient use and reduced consumption of utilities and a streamlined space plan. These improvements will be shared at a per capita level across DO as a result of the re-alignment of Administration Programs dollars based on a proportional spread.

Treasury Operations Center -$1,500,000 / +0 FTE
Efficiencies will be gained by consolidating portions of existing offices within the new combined Treasury Operations Center (TOC). The combined TOC will use fewer contract communications officers and need less IT and telecommunications and subscriptions support.

Centralized Services -$500,000 / +0 FTE
Reduction will be realized through the centralization of IT servers previously funded through the Working Capital Fund. This savings is shared proportionally across DO.

Terrorism and Financial Intelligence and International Affairs Office Savings -$1,603,000 / -3 FTE
A $1.6 million reduction to IA ($580 thousand) and TFI ($1.02 million) will be realized through the implementation of their identified cost efficiencies and other savings.

Program Increases ....+$49,032,000 / +63 FTE

Domestic Finance Capacity Building +$16,681,000 / +24 FTE
To more effectively respond to the financial crisis and to promote stronger and more equitable financial regulations going forward, the Administration recognizes that the Department of Treasury needs additional resources to support more robust institutional capacity within the Office of Domestic Finance. Additional resources will enable

Domestic Finance to provide expert advice to the current and future administrations, promoting a strong economy while maintaining fiscal discipline. To accomplish the reforms necessary to achieve its goals, Domestic Finance requests resources to increase its staff (with associated administrative overhead) and contract support, as well as to add two staff members within the Office of General Counsel and one within the Office of Legislative Affairs. The additional resources requested will allow Domestic Finance to pursue the following critical goals: (1) Expand expertise in capital markets, including in securities market structure and housing finance, to deepen capacity in an area critical to financial crisis response and prevention; (2) Conduct significant long-term, policy-related research projects drawing on interdisciplinary expertise in areas such as finance, economics, and law; (3) Provide leadership in developing and implementing financial regulatory policy. The areas of emphasis will include housing initiatives, small business, community development, consumer and investor protection, and financial education; and (4) Support research activities to allow the Office to obtain high-quality, time-sensitive research, data, and analysis to inform policy development. $3.5 million (included in the request above) is requested to fund these activities; (5) The resources requested will also support two initiatives included in the Administration's financial regulatory reform legislation: (i) an office of full-time, expert staff to support the newly created Financial Services Oversight Council, which will identify emerging systemic risks and improve interagency cooperation; and (ii) the Office of National Insurance, which will gather information, develop expertise, negotiate international agreements, and coordinate policy within the insurance sector.

International Affairs Multilateral Meetings Support +$6,739,000 / +0 FTE
In 2009, Treasury provided an unprecedented level of support for President Obama as he pursued the U.S. economic agenda at numerous international summits focused on mitigating the impact of the global financial crisis, and building strong, sustainable and balanced growth in the future. In FY2011, Treasury continues to hold the major responsibility of convening other countries to ensure financial and economic stability and growth in order to foster new economic opportunities and jobs for Americans. The major international summits and meetings that must be convened include G-20 meetings, Asia-Pacific Economic Cooperation (APEC) meeting, and economic summits with China, India and regional groups, as well as numerous ministerial engagements. These meetings are critical to achieving the U.S. economy agenda as they provide venues to advance U.S. policy priorities to foster economic growth. Therefore, Treasury is requesting funds to host these high-level engagements as well as $400,000 for official reception and representation expenses.

Program Evaluations +$5,292,000 / +0 FTE
As part of the Administration's government-wide initiative to strengthen program evaluation, the request includes funds to support four substantive program evaluations at a total cost of $5.766 million, of which $474,000 can be funded out of existing administrative funding for the Office of Financial Stability. These evaluations include (1) Testing alternative mortgage modification strategies; (2) Evaluating CDFI Financial Innovations; (3) Linking mortgage/administrative data to assess mortgage risk; and (4) A combined study to evaluate different approaches to no-fee debit cards and Volunteer

Income Tax Assistance (VITA) prepaid cards. These studies are just a few of 23 evaluation proposals specifically approved by the Office of Management and Budget for 2011 to strengthen the quality and rigor of Federal program evaluation. To ensure the study is well designed and implemented, Treasury will work with evaluation experts at OMB and the Council of Economic Advisers during the planning, design, and implementation of the study. Treasury is committed to promoting strong, independent evaluation that can inform policy and program management decisions and will post the status and findings of this and other important evaluations publicly available online.

Office of Intelligence and Analysis Global Finance +$3,600,000 / +10 FTE
This builds upon the FY 2009 Global Finance Initiative to further leverage financial intelligence that informs and enables senior Treasury leaders in the formulation of policy and the execution of Treasury authorities, and allows OIA to play a critical role in coordinating global finance intelligence issues across the Intelligence Community.

Cyber Security +$3,000,000 / +0 FTE
These base resources are used for department-wide policy implementation of the Cyber Security program, and are not developmental. The reallocation would eliminate the challenges associated with a recurring program funded through an account which is developed as a zero-based budget, by providing a permanent funding stream for the ongoing operations and maintenance of the program. The Cyber Security program helps ensure the protection of Treasury systems and information against threats. The program provides greater protection against network intrusions, which can result in significant disruptions and delays in its business activities.

Alpha Computers Modeling Systems +$2,750,000 / +0 FTE
Alpha computers are large scale computer systems which support several critical applications for Departmental Offices, including the Office of Tax Policy tax models, the Federal Financing Bank Loan Management System, Economic Policy modeling, the Treasury Library catalog application and Domestic Finance applications. These computers were purchased and installed in FY 2005 to meet the large scale processing and data storage requirements of these policy offices. Since these systems will be over six years old and are no longer manufactured by the vendor, this initiative will replace these systems with Intel-based 64 bit blade servers.

Procurement Improvements +$2,500,000 / +10 FTE
Treasury requires additional centralized procurement resources to identify, manage, execute and make sustainable initiatives to generate procurement influenced savings, additional strategic sourcing efforts within Treasury and across government, and systemic process improvements. The approach to identifying and realizing these goals is to focus the additional resources on corporate-wide opportunities in an optimized and sustainable manner to: achieve ongoing savings and high risk contracting reductions; improve our e-Procurement and drive process efficiencies; drive needed policy support; and to stand-up and manage effective corporate governance, accountability and reporting. This investment will enable and promote an optimized, efficient and effective corporate

procurement approach utilizing centers of excellence, consolidated purchasing with common tools and processes. When the improvement opportunities are realized, they will yield a significant return on investment.

Tax Policy Capacity Building +$2,400,000 / +8 FTE
To meet the challenges that have resulted from the current global financial crisis and continuing tax policy challenges facing the American people, the Office of Tax Policy (OTP) is requesting an additional eight positions. Tax specialists will be allocated to the development of tax policies addressing key tax policy issues. These tax specialists will ensure the OTP is able to respond to new challenges due to the financial crisis, support the financial stimulus plan, and address tax policy issues such as climate change, health care, and tax reform. OTP will use these new resources to ensure that tax policies allow the Department of Treasury and the President to respond in a more flexible manner to new challenges and provide support for Administration priorities in these key areas.

Recovery Act +$2,000,000 / +3 FTE
This Department of the Treasury initiative is requesting three staff members and additional contract funds for an interagency agreement between the National Renewable Energy Research Lab and Treasury to review application for the Cash Payments for Specified Energy Property in Lieu of Tax Credits. These resources are needed to support Treasury's critical role in the implementation of the American Recovery and Reinvestment Act (ARRA), specifically supporting Cash Payments to States for Low-Income Housing Projects in Lieu of Low-Income Housing Tax Credit Allocations and Cash Payments for Specified Energy Property in Lieu of Tax Credits. These payments cover a wide range of options for the American people: housing payments help attract private capital to invest in the construction, acquisition, or rehabilitation of qualified low-income housing buildings; energy payments support the deployment of specified energy property (including qualified facilities that produce electricity from wind and certain other renewable resources; qualified fuel cell property; solar property; qualified small wind energy property; geothermal property; qualified microturbine property; combined heat and power system property; and geothermal heat pump property. These three additional staff members and additional contract support provide a vital function, managing a high profile program which is showing direct impacts to the American people.

Economic Policy Capacity Building +$2,000,000 / +6 FTE
The Office of Economic Policy (OEP) develops and analyzes policies in the housing and financial sectors. Demand for its services has risen sharply. OEP has an excellent record of accomplishments, but needs specialized expertise to: analyze events and make policy proposals, understand how recent and future policy actions affect the economy, and use all available data more efficiently. OEP needs to increase its staff expertise to provide analysis in utilizing various government and private databases which differ in structure and content. OEP requests resources to add expert economists in the housing and financial sectors and to create a small, efficient Data Analysis unit. The unit will maintain the large financial and nonfinancial databases needed to assess the financial and economic situation and support policy analyses.

Global Tax Forum +$1,000,000 / +0 FTE

The Global Forum was previously funded through the Organization for Economic Co-operation and Development (OECD) budget, but as part of a restructuring to become a more independent body, it is moving to a new funding structure that will require members of the Global Forum to fund it themselves (entirely outside the regular OECD budget). Recent developments have increased the importance of transparency and exchange of information in tax matters. Major progress has been made, with all jurisdictions previously surveyed by the Global Forum on Transparency and Exchange of Information (the Global Forum) having now committed to the standards on transparency and exchange of information for tax purposes. The Declaration of the G-20 Heads of State on Strengthening the Financial System issued after the London summit in April 2009 calls on the Global Forum to conduct and strengthen objective peer reviews, based on existing processes, and to review its structure. This message was reinforced by G-8 Leaders who met in L'Aquila, Italy, on July 8-9, 2009. On September 1-2, 2009, the Global Forum met in Mexico and began the process of implementing this new mandate. The Global Forum's new peer review mechanism will allow a more in-depth assessment which should lead to a clear rating system, resulting in objective measurements of how well jurisdictions are implementing the international standards on transparency and exchange of information. The budget of the Global Forum is allocated among its members, with each county's contribution calculated on the basis of the relative percentages of the adjusted national incomes of each member. National income statistics (GNP at factor cost less 10 percent depreciation allowance) are adjusted to a common currency unit (USD) at official exchange rates by a $450 per capita deduction. Based on this methodology, Treasury believes that its contribution for continued U.S. participation this G-8 and G-20 commitment, initiated at the behest of the United States, will be at least $1 million.

Office of Intelligence and Analysis Counterproliferation +770,000 / + 2 FTE

Targeting the financing of proliferation networks, including those associated with terrorists seeking weapons of mass destruction (WMD), is a key component of USG efforts to deter, disrupt, and prevent the spread of WMD. OIA leads Treasury's effort to identify, monitor, and assess the evolution of proliferation finance networks and supports the use of targeted financial measures against them. OIA proposes to expand these activities to ensure Treasury's continued progress in disrupting proliferation networks as they evolve and adapt, as well as to respond to emerging proliferation threats posed by state and non-state actors

Office of Intelligence and Analysis IT Connectivity/Information Sharing +300,000 / + 0 FTE

Resources dedicated to this initiative will help implement the Identity and Access Management capability in support of the National Intelligence Strategy Enterprise Objective, improve information integration and information sharing. This capability will establish an enterprise capability within the sensitive compartmentalized information (SCI) computer networks.

2.2 – Operating Levels Table

Table 2.2

Dollars in Thousands

Appropriation Title: DO Salaries and Expenses	FY 2009 Enacted	FY 2010 President's Budget	Cong. Action	FY 2010 Enacted	FY 2011 Increase and Decreases	FY 2011 Request	% Change FY 2010 to FY 2011
FTE	1,204	1,266	0	1,266	77	1,342	
Object Classification:							
11.1 Full-Time Permanent Positions	$131,308	$145,562	$0	$145,562	$8,976	$154,538	6.2%
11.3 Other than Full-Time Permanent Positions	2,781	2,781	0	2,781	323	3,104	11.6%
11.5 Other Personnel Compensation	197	197	0	197	560	757	284.3%
11.8 Special Personal Services Payments	0	0	0	0	1,162	1,162	----
Personnel Compensation (Total)	$134,286	$148,540	$0	$148,540	$11,022	$159,561	7.4%
12.0 Personnel Benefits	28,377	28,861	0	28,861	11,431	40,293	39.6%
13.0 Benefits to Former Personnel	0	0	0	0	253	253	----
Pay	162,663	177,401	0	177,401	22,706	200,107	12.8%
21.0 Travel	5,047	5,286	0	5,286	4,601	9,888	87.0%
22.0 Transportation of Things	0	0	0	0	302	302	----
23.1 Rental Payments to GSA	4,000	5,427	0	5,427	(1,495)	3,932	-27.5%
23.2 Rent Payments to Others	0	0	0	0	170	170	----
23.3 Communications, Utilities, & Misc	14,112	14,889	0	14,889	(5,435)	9,454	-36.5%
24.0 Printing and Reproduction	2,715	2,715	0	2,715	(33)	2,682	-1.2%
25.1 Advisory & Assistance Services	41,581	47,213	0	47,213	4,215	51,428	8.9%
25.2 Other Services	19,229	19,229	0	19,229	1,888	21,117	9.8%
25.3 Purchase of Goods/Serv. from Govt. Accts	22,249	22,249	2,500	24,749	1,681	26,430	6.8%
25.4 Operation & Maintenance of Facilities	900	900	0	900	308	1,208	34.2%
25.5 Research & Development Contracts	0	0	0	0	0	0	0.0%
25.6 Medical Care	0	0	0	0	0	0	0.0%
25.7 Operation & Maintenance of Equipment	1,000	1,000	0	1,000	1,857	2,857	185.7%
25.8 Subsistence & Support of Persons	0	0	0	0	0	0	0.0%
26.0 Supplies and Materials	3,430	3,498	0	3,498	6,947	10,445	198.6%
31.0 Equipment	1,944	2,581	0	2,581	3,801	6,381	147.3%
32.0 Lands and Structures	0	0	0	0	0	0	0.0%
33.0 Investments & Loans	0	0	0	0	0	0	0.0%
41.0 Grants, Subsidies	0	0	0	0	0	0	0.0%
42.0 Insurance Claims & Indemn	0	0	0	0	0	0	0.0%
43.0 Interest and Dividends	0	0	0	0	0	0	0.0%
44.0 Refunds	0	0	0	0	0	0	0.0%
Non-Pay	116,207	124,987	2,500	127,487	18,807	146,294	14.8%
Total Budget Authority	$278,869	$302,388	$2,500	$304,888	$41,513	$346,401	13.6%
Budget Activities:							
Executive Direction	$21,619	$22,383	($400)	$21,983	$16,604	$38,587	75.5%
Economic Policies and Programs	45,910	44,749	2,500	$47,249	$23,313	$70,562	49.3%
Financial Policies and Programs	36,038	47,580	1,000	$48,580	$42,632	$91,212	87.8%
Terrorism and Financial Intelligence	62,098	64,611	0	$64,611	$38,002	$102,613	58.8%
Treasury-wide Management and Programs	21,600	22,779	(100)	$22,679	$20,747	$43,426	91.5%
Administration Programs	91,604	100,286	(500)	$99,786	($99,786)	$0	-100.0%
Total Budget Authority	$278,869	$302,388	$2,500	$304,888	$41,513	$346,401	13.6%

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

2.3 – Appropriations Detail Table

Dollars in Thousands

Appropriation Detail
Table 2.3
(Dollars in Thousands)

Resources Available for Obligation	FY 2008 Obligations		FY 2009 Enacted		FY 2010 Enacted		FY 2011 Pres. Budget		% Change FY 2010 to FY 2011	
	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT
Newly Appropriated Resources:										
Executive Direction Programs	129	$20,273	131	$21,619	132	$21,983	162	38,587	23%	76%
Economic Policies and Programs	244	41,852	247	45,910	243	47,249	272	70,562	12%	49%
Financial Policies and Programs	194	29,134	199	36,038	244	48,580	306	91,212	25%	88%
Terrorism and Financial Intelligence	308	51,904	342	62,098	346	64,611	437	102,613	26%	59%
Treasury-wide Management Policies and Programs	99	16,384	101	21,600	109	22,679	165	43,426	51%	91%
Administration Programs	160	82,630	185	91,604	192	99,786	0	0	-100%	-100%
Subtotal Newly Appropriated Resources	1,133	242,176	1,204	278,869	1,266	304,888	1,342	346,401	6%	14%

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

2B – Appropriations Language and Explanation of Changes

Appropriations Language	Explanation of Changes
DEPARTMENT OF THE TREASURY DEPARTMENTAL OFFICES Federal Funds **SALARIES AND EXPENSES:** For necessary expenses of the Departmental Offices including operation and maintenance of the Treasury Building and Annex; hire of passenger motor vehicles; maintenance, repairs, and improvements of, and purchase of commercial insurance policies for, real properties leased or owned overseas, when necessary for the performance of official business, [$304,888,000, of which not to exceed $21,983,000 is for executive direction program activities; not to exceed $47,249,000 is for economic policies and programs activities, including $1,000,000 that shall be transferred to the National Academy of Sciences for a study by the Board on Mathematical Sciences and Their Applications on the long-term economic effects of the aging population in the United States, to remain available until September 30, 2011, and $1,500,000 that shall be transferred to the National Academy of Sciences for a carbon audit of the tax code as authorized in section 117 of the Energy Improvement and Extension Act of 2008 (Public Law 110-343), to remain available until September 30, 2011; not to exceed $48,580,000 is for financial policies and programs activities; not to exceed $64,611,000 is for terrorism and financial intelligence activities; not to exceed $22,679,000 is for Treasury-wide management policies and programs activities; and not to exceed $99,786,000 is for administration programs activities: Provided, That the Secretary of the Treasury is authorized to transfer funds appropriated for any program activity of the Departmental Offices to any other program activity of the Departmental Offices upon notification to the House and Senate Committees on Appropriations: Provided further, That no appropriation for any program activity shall be increased or decreased by more than 4 percent by all such transfers: Provided further, That any change in funding greater than 4 percent shall be submitted for approval to the House and Senate Committees on Appropriations] *$346,401,000*: *Provided* [further], *That notwithstanding any other provision of law, of the amount appropriated under this heading, up to $1,000,000, may be contributed to the Global Forum on Transparency and Exchange of Information for Tax Purposes, a Part II Program*	**The language has been amended to remove the allocation of appropriated funds by budget activity. The amended language provides flexibility to the Secretary of the Treasury to meet critical requirements in a timely manner. This methodology is in line with submissions from prior years, and will make DO's reprogramming requirements the same as all other Treasury bureaus.** **The language requests that representation funds be increased by $400,000 to reflect Treasury's greater increased international responsibilities and participation as hosts for multilateral meetings.**

of the Organization for Economic Cooperation and Development, to cover the cost assessed by that organization for Treasury's participation therein: Provided further, That of the amount appropriated under this heading, not to exceed $3,000,000, to remain available until September 30, [2011] *2012*, is for information technology modernization requirements; not to exceed $200,000 is for official reception and representation expenses; *$400,000 is to support increased international representation commitments of the Secretary;* and not to exceed $258,000 is for unforeseen emergencies of a confidential nature, to be allocated and expended under the direction of the Secretary of the Treasury and to be accounted for solely on his certificate: *Provided further*, That of the amount appropriated under this heading, $6,787,000, to remain available until September 30, [2011] *2012*, is for the Treasury-wide Financial Statement Audit and Internal Control Program, of which such amounts as may be necessary may be transferred to accounts of the Department's offices and bureaus to conduct audits: *Provided further,* That this transfer authority shall be in addition to any other provided in this Act: *Provided further,* That of the amount appropriated under this heading, $500,000, to remain available until September 30, [2011] *2012*, is for secure space requirements: *Provided further, That of the amount appropriated under this heading, $1,100,000 to remain available until September 30, 2012, is for salary and benefits for hiring of personnel whose work will require completion of a security clearance investigation in order to perform highly classified work to further the activities of the Office of Terrorism and Financial Intelligence: Provided further,* That of the amount appropriated under this heading, *up to* $3,400,000, to remain available until September 30, [2012] *2013*, is to develop and implement programs within the Office of Critical Infrastructure Protection and Compliance Policy, including entering into cooperative agreements: *Provided further,* That of the amount appropriated under this heading, $3,000,000, to remain available until September 30, [2012] *2013*, is for modernizing the Office of Debt Management's information technology. *(Department of the Treasury Appropriations Act, 2010.)*	

2C – Legislative Proposals

There are no legislative proposals for the Departmental Offices.

Section 3 – Budget and Performance Plan

This table lists all FY 2011 resources by strategic goal, objective and outcome outlined in the FY 2007-2012 Treasury Department Strategic Plan. The Treasury Strategic Plan is a corporate level plan for the Department that provides a description of what the agency intends to accomplish over the next five years.

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

3.1 Budget by Strategic Outcome (Includes Reimbursables)
(Dollars in Thousands)

Treasury Strategic Goal	FY 2010 Enacted	FY 2011 Request	% Change FY 2010 to FY 2011
Effectively Managed U.S. Government Finances	$62,386	$76,675	22.9%
U.S. and World Economies Perform at Full Economic Potential	109,336	$121,866	11.5%
Prevented Terrorism and Promoted the Nation's Security Through Strengthened International Financial Systems	114,815	$115,673	0.7%
Management and Organizational Excellence	$52,193	$66,029	26.5%
Total FY 2010 Request	$338,730	$380,243	12.3%

3A – Executive Direction *($38,587,000 from direct appropriations and $2,536,000 from reimbursable programs):* The Executive Direction program area provides direction and policy formulation to the Department and DO and interacts with Congress and the public on Departmental policy matters. These offices include: Secretary/Deputy Secretary, Chief of Staff, Executive Secretariat, General Counsel, Legislative Affairs, Public Affairs, and Treasurer.

The Office of General Counsel is a constituent component of Executive Direction. This division provides legal support and guidance on all matters pertaining to the Department, from issues relating to tax and financial policies, international treaties, human resources related matters and procurement. This is a vital function for the Department and the American people as it ensures legal cooperation between the financial sector and the law.

3.2.1 Budget and Performance Plan
(Dollars in Thousands)

Executive Direction Programs Budget Activity					
Resource Level	FY 2007 Obligations	FY 2008 Obligations	FY 2009 Enacted	FY 2010 Enacted	FY 2011 Request
Appropriated Resources	$19,094	$20,273	$21,619	$21,983	$38,587
Reimbursable Resources	0	599	1,092	1,092	2,536
Total Resources	$19,094	$20,872	$22,711	$23,075	$41,123
Budget Activity Total	$19,094	$20,872	$22,711	$23,075	$41,123

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

3B – Economic Policies and Programs *($70,562,000 from direct appropriations and $7,537,000 from reimbursable programs):* A major mission of the offices within the Economic Policy and Programs budget activity is to promote economic growth and security. The Offices pursue this mission by providing economic guidance and support to the Secretary in his role as the President's chief economic adviser. These offices play a key role in supporting the Secretary by providing technical analysis, economic forecasting, and policy guidance on issues ranging from changes in entitlement policy to responding to international financial crises. They provide economic intelligence and support by analyzing and reporting on current and prospective economic developments in the U.S. and world economies, assisting in the determination of appropriate economic policies, and evaluating policy ideas. The offices review and analyze domestic and international economic issues and developments in the financial markets.

Office of International Affairs (IA)
The Office of International Affairs' (IA) mission is to protect and support U.S. economic prosperity by strengthening the external environment for U.S. growth, preventing and mitigating global financial instability, and managing key global challenges.

IA leads the Treasury Department effort in the development of policies and guidance related to international monetary affairs, trade and investment policy, international development and debt strategy, and the United States participation in international financial institutions. IA also coordinates the United States economic policies with the finance ministers of other G-7 and G-20 nations and prepares the President for annual economic summits.

Office of Economic Policy (EP)
The Office of Economic Policy (EP) plays a key role in supporting the Secretary by providing technical analysis, economic forecasting, and policy guidance. The office provides economic intelligence through the analysis and reporting of current and prospective economic developments in the U.S. and world economies. EP also provides assistance in the evaluation and determination of the appropriate economic approach.

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

3.2.2 Budget and Performance Plan
(Dollars in Thousands)

Economic Policy and Programs Budget Activity					
Resource Level	FY 2007 Obligations	FY 2008 Obligations	FY 2009 Enacted	FY 2010 Enacted	FY 2011 Request
Appropriated Resources	$35,581	$41,852	$45,910	$47,249	$70,562
Reimbursable Resources	3,195	4,073	5,097	5,097	7,537
Total Resources	$38,776	$45,925	$51,007	$52,346	$78,099
Budget Activity Total	$38,776	$45,925	$51,007	$52,346	$78,099

Economic Policies and Programs Budget Activity						
Measure	FY 2007 Actual	FY 2008 Actual	FY 2009 Target	FY 2009 Actual	FY 2010 Target	FY 2011 Target
Number of new trade and investment negotiations underway or completed (Oe)	N/A	14	6	6	2	2
Percentage of grant and loan proposals containing satisfactory frameworks for results measurement (%) (Oe)	92	94	90	94	90	90
Improve International Monetary Fund (IMF) effectiveness and quality through periodic review of IMF programs (%) (Oe)	100	93	90	23	90	90
Scope and intensity of engagement (Traction) (E)	N/A	4	4	4	4	4
Changes that result from project engagement (Impact) (Oe)	N/A	3	3	3	3	3

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

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

Treasury’s Office of International Affairs (IA) advises and assists in the formulation and execution of U.S. international economic and financial policy. In FY 2009, the office exceeded its targets for all of its performance measures related to trade and investment. During FY 2010 - FY 2011 it is anticipated that completion of new international trade and investment agreements will be challenged by protectionist sentiment associated with the 2007-2009 global recession. Commitments by G-20 nations to complete the World Trade Organization’s Doha Round of trade negotiations and limit protection are extremely favorable, but matching the performance results of FY 2009 will remain challenging until political impediments associated with the recession diminish. Performance targets for FY 2010 and FY 2011 for IA measures have been set to reflect these economic conditions.

To help ensure that the accountability in the lending of the MDBs, Treasury monitors the percentage of grant and loan proposals containing satisfactory results measurement frameworks. Over the past several years, most of the MDBs have made substantial progress towards developing frameworks to measure the results of their development assistance. For FY 2009, 94 percent of grant and loan proposals contained satisfactory results measurement frameworks, exceeding the Department's target of 90 percent. The Department will continue to encourage the development of robust, transparent performance measurement systems at the MDBs to ensure accountability for the resources they utilize.

In FY2009, the Department led efforts to restore global confidence in the wake of the financial crisis by ensuring the IMF had the adequate resources and tools necessary to respond. This action was critical to strengthening the U.S. economy via the stabilization of international markets and other major and emerging economies. By convening two G-20 meetings, the Department also developed a new international economic architecture that ensures that all major economies participate in economic governance, including efforts to foster strong, balanced and sustainable growth, which will help boost U.S. exports. The Department led efforts in this regard to secure international agreement for a shift in IMF quota share of at least 5 percent in favor of dynamic emerging market and developing countries, and from over-represented to under-represented countries. The Department's efforts to work through the IMF to secure sound institutional and operational practices for sovereign wealth funds culminated in FY 2009 with the publication of the Santiago Principles.

The Department systematically reviews IMF country programs to monitor quality and enhance the effectiveness of IMF lending. The Department's review of IMF programs for FY 2009 yielded an improvement rate of 23 percent versus 93 percent in FY 2008. The lower result was largely due to a shortened timeframe for review of IMF program documents (from two weeks to several days) due to the activation of emergency lending procedures to support crisis-affected countries. The IMF effectiveness indicator for FY 2010 and FY 2011 has been modified to take emergency review procedures into account, which should not be considered a departure from performance-based assessment as the target has been raised to 100 percent.

In FY 2009, OTA continued its ongoing effort to verify and evaluate its performance. Building on its initiatives in 2008, it conducted a 100 percent review of all technical assistance projects to verify performance. It also reciprocated a peer-review process begun with the Australian Treasury in 2008. For the past six years OTA has been developing a tool to enhance its performance measures. The tool uses evaluations by resident advisors to rate projects on the level of engagement with the host government (Traction in OTA parlance) and the changes that result from that engagement based on technical indicators specific to each of the five financial disciplines (what OTA calls Impact). This innovative approach was showcased by the OMB Associate Director for Administration and Management, to be presented at the annual Excellence in Government Conference in 2008. Results from 2008 encouraged OTA to forecast goals for the next three years of 3.6 (out of 5) for Traction, and 3.1 for Impact. Calculated results for FY 2009 were 3.7 for Traction and 3.1 for Impact.

In 2008, the Department of the Treasury of the Government of Australia conducted a professional peer review of OTA work to assess effectiveness. The report was beneficial and contributed valuable insight to OTA's mid- and long-term planning. The process was so successful that the Australian Treasury requested that the U.S. Treasury reciprocate the process using its own financial technical assistance projects as the object of examination. The results of this second peer-review, which was conducted in May 2009, were presented to an international group of representatives from other countries who engaged in financial technical assistance. The process was highly beneficial to both parties. The first outcome was that the Australian Treasury became aware of how their projects were judged on process and results from a professional and technical point of view by someone who had no agenda but reporting the truth as they saw it. The second and not inconsiderable benefit was to OTA itself, since the process required that we determine the relevant areas to evaluate, set criteria and methods to conduct the study, and fairly judge the work being done by a peer agency. The process of peer review recommends itself to other organizations on the basis of OTA experience.

3C – Financial Policies and Programs *($91,212,000 from direct appropriations and $8,182,000 from reimbursable programs):* Offices within the Financial Policies and Programs budget activity monitor and provide advice and assistance to the Secretary in the areas of tax policy, domestic finance, financial markets, and the regulation of financial institutions.

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

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

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

3.2.3 Budget and Performance Plan
(Dollars in Thousands)

Financial Policies and Programs Budget Activity					
Resource Level	FY 2007 Obligations	FY 2008 Obligations	FY 2009 Enacted	FY 2010 Enacted	FY 2011 Request
Appropriated Resources	$24,878	$29,134	$36,038	$48,580	$91,212
Reimbursable Resources	4,304	4,261	5,225	5,225	8,182
Total Resources	$29,182	$33,395	$41,263	$53,805	$99,394
Budget Activity Total	$29,182	$33,395	$41,263	$53,805	$99,394

Financial Policies and Programs Budget Activity						
Measure	FY 2007 Actual	FY 2008 Actual	FY 2009 Target	FY 2009 Actual	FY 2010 Target	FY 2011 Target
Audit opinions received on government-wide financial statements	1	Discontinued	Discontinued	Discontinued	Discontinued	Discontinued
Release Federal Government-wide Statements on time (Oe)	Yes	Yes	Meet Deadline	Was Met	Meet Deadline	Meet Deadline
Variance between estimated and actual receipts (%) (Oe)	2.1	4.6	5	5.5	4.5	4.5

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

Description of Performance: As part of managing the government's central operating account and cash position, the Office of Fiscal Projections (OFP) provides forecasts of federal receipts, outlays, and debt transactions to ensure that funds are available on a daily basis to cover federal payments. To analyze the effectiveness of cash management techniques employed, OFP measures the variance between actual and projected government receipts. Given economic stimulus efforts, stress in global credit markets, restructuring of the Federal Reserve's balance sheet, a spike in deposit insurance outlays and lower tax receipts associated with the recession, forecasts for FY 2009 were not as good as those for FY 2008. The estimated variance for FY 2009 was 5.5 percent, higher than the 4.6 percent variance in FY 2008 and 5.0 percent target for FY 2009. FY 2009 proved a more challenging forecasting year than FY 2008, given the rapid rates of decline in key indicators such as employment levels and implementation of tax provisions directly impacting receipts such as Making Work Pay. Moreover, any additional changes in economic conditions or promulgation of new programs and initiatives will impact volatility in government tax receipts. OFP is making significant efforts to assess and improve modeling systems to reduce error and return to target error ranges. Targets for FY 2010 and FY 2011 have been set at 5 percent. OMB revised the accelerated December 15, 2009 deadline to February 16, 2010 and we are on target to meet the revised deadline for the FY 2009 Financial Report of the United States Government (FR). The statutory deadline for the FR is March 31, 2010.

3D – Terrorism and Financial Intelligence *($102,613,000 from direct appropriations and $9,484,000 from reimbursable programs):* The Office of Terrorism and Financial Intelligence (TFI) oversees the Department's functions that strengthen national security with the twin aims of safeguarding financial systems against illicit use and combating rogue nations, terrorist facilitators, money launderers, drug kingpins, proliferators of weapons of mass destruction, and other national security threats.

The Office of Foreign Assets Control (OFAC)

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

Office of Intelligence and Analysis (OIA)

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

The Office of Terrorist Financing and Financial Crimes (TFFC)

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

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

3.2.4 Budget and Performance Plan
(Dollars in Thousands)

Terrism and Financial Intelligence Budget Activity					
Resource Level	FY 2007 Obligations	FY 2008 Obligations	FY 2009 Enacted	FY 2010 Enacted	FY 2011 Request
Appropriated Resources	$43,115	$51,904	$62,098	$64,611	$102,613
Reimbursable Resources	3,934	3,866	5,637	5,637	9,484
Total Resources	$47,049	$55,770	$67,735	$70,248	$112,097
Budget Activity Total	$47,049	$55,770	$67,735	$70,248	$112,097

Terrorism and Financial Intelligence Budget Activity Measure	FY 2007 Actual	FY 2008 Actual	FY 2009 Target	FY 2009 Actual	FY 2010 Target	FY 2011 Target
Increase the number of outreach engagements with the charitable and international financial communities (Ot)	85	80	Discontinued	Discontinued	Discontinued	Discontinued
Number of countries that are assessed for compliance with the Financial Action Task Force (FATF) 40 + 9 recommendations (Ot)	6	12	Discontinued	Discontinued	Discontinued	Discontinued
Number of open civil penalty cases that are resolved within the statute of limitations period (Ot)	296	233	Discontinued	Discontinued	Discontinued	Discontinued
Impact of TFI programs and activities (OE)			Baselined	7.81	7.4	7.6

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

Description of Performance:
In FY 2009, the Department discontinued using all of its performance measures that were previously reported, as shown in the table above. These measures are now used as indicators for the new composite measure that was developed. TFI introduced and began to apply a composite performance measure in FY 2009 to improve the assessment of its impact. There are four components within the composite measure that align to each office within TFI, each are linked to its overall performance goals and the Department's strategic outcomes. The four focus areas and corresponding ratings are; the impact of policy making, outreach, and diplomacy (6.75), the impact of economic sanctions (7.7), impact of information and analysis (9.4), and the impact of activities to create safer and more transparent financial systems (7.4). The score is based on a possible ten points, with low impact being rated at 0-3, medium being 4-7, and high impact being scored at 8-10. This performance measure was baselined in FY 2009 with a value of 7.8, or medium impact, and has a target of 7.4 for FY 2010 and 7.6 for FY 2011. TFI and the Department will continue to refine how the measure is rated and scored.

3E - Treasury-wide Management and Programs*: ($43,426,000 from direct appropriations and $6,103,000 from reimbursable programs)* The primary role of offices within Treasury-wide Management (TWM) is to create the conditions which allow Administration priorities and goals to be achieved as efficiently and effectively as possible. TWM provides strategic planning and develops policy direction in the areas of: human resources; emergency management, privacy, records management, civil liberties; information technology security; procurement; and financial administration (such as the formulation and management of Treasury's budget). The Department develops integrated plans to align policy and operations in order to produce maximum value for the American people.

3.2.5 Budget and Performance Plan
(Dollars in Thousands)

Treasury-wide Management Programs Budget Activity					
Resource Level	FY 2007 Obligations	FY 2008 Obligations	FY 2009 Enacted	FY 2010 Enacted	FY 2011 Request
Appropriated Resources	$15,705	$16,384	$21,600	$22,679	$43,426
Reimbursable Resources	2,696	4,295	4,575	4,575	6,103
Total Resources	$18,401	$20,679	$26,175	$27,254	$49,529
Budget Activity Total	$18,401	$20,679	$26,175	$27,254	$49,529

Treasury-wide Management and Programs Budget Activity Measure	FY 2007 Actual	FY 2008 Actual	FY 2009 Target	FY 2009 Actual	FY 2010 Target	FY 2011 Target
Completed investigations of EEO complaints within 180 days (%) (Oe)	52	56	50	65	65	65
Percent of complainants informally contacting Equal Employment Opportunity (EEO) (for the purpose of seeking counseling or filing a complaint) who participate in the ADR Process (%) (Oe)	29	45	30	35	35	40
Number of material weaknesses closed (significant management problems identified by GAO, the IGs and/or other bureaus) (Oe)	n/a	2	n/a	n/a	1	1
Injury and illness rate Treasury-wide - including DO (Oe)	1	1.29	Discontinued	Discontinued	Discontinued	Discontinued
Management cost per Treasury employee ($) (E)	29.64	Discontinued	Discontinued	Discontinued	Discontinued	Discontinued

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

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

Beginning in FY 2008 the Office of the Deputy Assistant Secretary of Human Resources-Chief Human Capital Officer (DASHR-CHCO) identified two performance measures to assess the effectiveness of human capital at the Treasury Department. First, how effective is Treasury at recognizing employee performance and second does Treasury have the needed talent to achieve organizational success?

There was a change between FYs 2008 and 2009 in SES relationship between performance and awards based on the change in the metrics. For 2009, Treasury used the Office of Personnel Management's most recent Pearson's Correlation Coefficient of .627 based 2008 performance data. (The 2009 performance data has not been received yet.) This is a standard metric across Federal Government provided by an objective third party. Using this metric provides consistency year to year in terms of assessment as well as relativity in terms of performance of other federal agencies.

Similarly a standard federal wide metric that is used to measure the effectiveness of performance is the Office of Personnel Management's Performance Appraisal Assessment Tool (PAAT). OPM considers 80 points a "passing score" for agency bureaus. For FY 2009 Treasury received an overall score of 73 percent, based on six bureaus receiving a passing score. Agency bureaus that did not receive a passing score were required to submit and begin execution of an improvement plan.

Several "indexes" from the 2008 Federal Human Capital survey were used as indicators for talent and performance. Treasury received a 59.9 percent overall positive rating for the Talent Index and 65.7 percent overall positive rating for the Job Satisfaction Index. For the Performance Culture Index, Treasury received an overall positive rating score of 56.8 percent. In fiscal 2010 Treasury will review and update all human capital metrics as part of a strategy to improvement human capital strategic at the Treasury Department.

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

The offices comprising the TWM budget activity are committed to ensuring accountability and a well understood strategic direction in order to build a world-class organization. In FY 2009, offices have worked to objectively monitor their progress toward program outcomes and Treasury's strategic objectives.

3F – Administration Programs *($0 from direct appropriations and $0 from reimbursable programs):* Administration Programs provided operational support and shared services to all offices within DO, including activities such as accounting, budgeting, human resource management, information technology services, procurement services, facilities support, and travel services. Approximately one-third of this budget activity was dedicated to information technology support (desktop computers, printers, faxes, copiers, helpdesk support, etc.). Another one-third consisted of shared services: GSA rent, utilities, telecommunications, printing and graphics, public transit subsidy, workers compensation, human resources support, and financial system support. The final third consisted of employee salaries, routine building maintenance, and custodial services.

3.2.6 Budget and Performance Plan
(Dollars in Thousands)

Administration Programs Budget Activity					
Resource Level	FY 2007 Obligations	FY 2008 Obligations	FY 2009 Enacted	FY 2010 Enacted	FY 2011 Request
Appropriated Resources	$75,154	$82,630	$91,604	$99,786	$0
Reimbursable Resources	3,028	3,837	17,016	12,216	0
Total Resources	$78,182	$86,467	$108,620	$112,002	$0
Budget Activity Total	$78,182	$86,467	$108,620	$112,002	$0

For FY 2011, Treasury has made the decision to allocate administrative expenses for Departmental Offices by operational budget activity, instead of maintaining a separate budget activity just for administrative expenses. The reallocation will make each of the DO offices responsible for the most efficient utilization of their administrative costs and will result in a level funding stream allocation for each budget activity, which will be sustained through future years. Where necessary, performance assessment will accommodate for this level increase, so that performance results will maintain historical comparability with prior years' results. The administrative expenses have been allocated across operational budget activities of the Departmental Office budget utilizing various cost-allocation methodologies based upon the type of service which is being allocated.

For detailed information about each performance measure, including definition, verification and validation, please go to:
http://treas.gov/offices/management/budget/

Section 4 – Supporting Materials

4A – Human Capital Strategy Description

The Departmental Offices (DO) Office of Human Resources (OHR) ensures the availability of tools required to manage the human capital that supports accomplishment of DO's strategic goals and mission. OHR does this through the provision of sound advice and guidance to managers and execution of processes related to staff employment, retention, recognition, employee and labor relations, benefits, performance management, and development.

FY 2009 Accomplishments

HC Strategic Goal 1: Recruitment and Diversity – *Recruit and hire a highly skilled and diverse workforce aligned with business goals. In conjunction with this goal, OHR:*

- Supported the quick stand-up of the Office of Financial Stability to allow the Department to rapidly implement the authorities of the Emergency Economic Stabilization Act.
- Successfully facilitated the out-processing and in-processing of political appointees during the Presidential transition.
- Used a variety of hiring flexibilities to help offices effectively fill current positions. (quality and time) Flexibilities used includes the on-boarding of the first class of Hamilton Fellows (using the Federal Career Intern Program authority), and the use of the Presidential Management Fellows Program, the Student Career Experience Program; DO specific fellowship programs; and other hiring authorities.
- Actively supports initiatives aimed at increasing the diversity of its workforce, including the hiring of student interns through the Hispanic Association of Colleges and Universities National Internship Program and the Washington Internships for Native American Students (WINS).
- Participated in the Treasury-wide Disability Summit and Career Fair. This event provided an opportunity for human capital leaders, recruiters and hiring managers share best practices on recruiting and hiring of individuals with targeted disabilities. It also connected DO Program Offices with qualified candidates with disabilities.

HC Strategic Goal 2: Employee Retention and Satisfaction – *Retain a high performing workforce while maintaining an environment conducive to a high level of employee satisfaction. In conjunction with this goal, OHR:*

- Facilitated the implementation of the first collective bargaining agreement with the National Treasury Employees Union (NTEU) by providing training to managers and employees.
- Continued to provide programs to improve employee understanding of benefit programs to ensure they can make more informed choices, including hosting a health and wellness fair and several "Benefits Brown Bag" sessions.
- Contracted with an outside vendor to provide several retirement seminars in anticipation of the large number of DO employees eligible to retire within the next five years
- Updated the New Employee Orientation program to include Department-wide awareness so new employees understand and take pride in overall Treasury mission.

- Developed a quick reference guide, entitled “The Keys to the Treasury”, to help orient all new DO employees. The guide provides critical information pertaining to employee services and resources.
- Piloted an automated exit survey to identify the reasons why individuals are leaving DO. This survey results will help identify employee engagement and job satisfaction issues and provide valuable information for developing solutions.
- Implemented the Treasury Learning Management System (TLMS), an online learning system that provides employees with training at no cost for program offices.

HC Strategic Goal 3: Organizational Effectiveness – *To achieve organizational effectiveness; accomplish mission objectives through the alignment of human capital plans, strategies, and systems. In conjunction with this goal, OHR:*
- Implemented the e-OPF (Electronic Official Personnel Folder) initiative as mandated by OPM and OMB. Electronic employment files will enhance the maintenance and retrieval of employment data and ensure timely and secure transfer of employees’ employment data.

HC Strategic Goal 4: Highly effective human capital practitioners – *Work as key partners with the Department’s leaders to ensure effective human capital management is a strategic business component in achieving the Department’s mission. In conjunction with this goal, OHR:*
- Hired Senior HR Specialists (HR Business Partners) to provide DO program offices with a single point of contact that could provide focused attention and human capital consultation.
    - The HR Business Partner transforms the HR Specialist from a transactional, rules-based posture to one more consultative and advisory.

<u>FY 2011 Challenges</u>

In FY 2011 OHR will face a number of human capital challenges:

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

<u>Strategies for Addressing Challenge</u>
- Increase education about, and support of, a variety of hiring and retention flexibilities and incentives, e.g., direct hire authority, superior qualifications appointments, recruitment incentives, student loan repayments, retention allowances, alternative work arrangements, and other work life programs.
- Enhance workplace flexibilities and employee assistance programs to attract high quality applicants, increase employee job satisfaction/engagement, and enhance retention.

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

Strategies for Addressing Challenge

- Lead a workforce planning effort throughout DO to determine leadership bench strength as well as supporting leadership and executive development programs that help identify and prepare a cadre of future leaders.
- Coordinate with DO program offices to identify succession issues and develop appropriate strategies, emphasizing an overall need to conduct workforce planning to transition and maintain technical knowledge.
- Implement a broad, systematic approach whereby both line staff and management can assess individual staff training needs and funding each year.
- Make broad use of programs to attract and potentially hire private sector retirees who have an interest in public service as a second career, and use authorities to hire reemployed annuitants who have the skill sets to fill key positions while recruitment efforts are underway to hire new talent.
- Analyze Employee Viewpoint surveys and exit survey results to determine employee dissatisfaction and develop actions plans that will address issues, improving retention of key talent.

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

Strategies for Addressing Challenge

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

4.1 – Summary of IT Resources Table

Dollars in Thousands

4.1 Summary of IT Resources Table								
Dollars in Thousands								
Information Technology Investments 1/								
Major IT Investments/Funding Source	Budget Activity	FY 2008 Enacted	FY 2009 Enacted	% Change from FY08 to FY09	FY 2010 Enacted	% Change from FY09 to FY10	FY 2011 Request	% Change from FY10 to FY11
Treasury Foreign Intelligence Network (TFIN)								
Departmental Offices Salaries and Expenses	Terrorism and Financial Intelligence	$3,000	$3,060	2.0%	$4,337	41.7%	$4,337	0.0%
Department-wide Systems Capital Investments Program (DSCIP)	Terrorism and Financial Intelligence	$0	$0	0.0%	$2,000	0.0%	$0	-100.0%
Alpha Computers Modeling Systems		$0	$0	0.0%	$0	0.0%	$2,750	100.0%
Enterprise Content Management								
Department-wide Systems Capital Investments Program (DSCIP)		$6,000	$6,000	0.0%	$0	-100.0%	$5,000	100.0%
Federal Financial Transformation Program								
Department-wide Systems Capital Investments Program (DSCIP)		$0	$0	0.0%	$0	0.0%	$17,000	100.0%
Subtotal, Major IT Investments		$9,000	$9,060	0.7%	$6,337	-30.1%	$29,087	359.0%
Non-Major IT Investments		$6,979	$9,018	29.2%	$7,514	-16.7%	$7,608	1.3%
Infrastructure Investments		$0	$0	N/A	$0	N/A	$0	N/A
Enterprise Architecture (DSCIP)		$400	$1,000	150.0%	$0	-100.0%	$0	0%
Total IT Investments		$16,379	$19,078	16.5%	$13,851	-27.4%	$36,695	164.9%
1/ The TFIN percentage increase reflects the transfer of funds from the DSCIP account.								
2/ This chart includes appropriated resources only and may not reflect total project costs.								
3/ This column reflects TFIN transfer request of total funding for FY11								
4/ The Departmental Offices S&E funds include MCL amounts								

4B – Information Technology Strategy

The Department is extremely reliant on its Information Technology infrastructure. It is upon this infrastructure (e.g., data centers, networks and servers) that more than $8 trillion dollars in debt are managed, more than $2 trillion in revenue is collected and more than $58 billion in daily cash transactions are performed. It is the cost associated with this same infrastructure however, that represents one of the greatest opportunities the Department has for parlaying the savings from greater efficiency to the deployment of new capabilities. The Department overall spends approximately $1.1 billion on IT infrastructure which is roughly one third of our total IT spending. A 2008 Gartner Group benchmarking study suggests that Treasury could achieve cost savings of up to $200 million if the Department maximized all infrastructure optimization and consolidation opportunities. Ferreting out and taking advantage of these potential cost savings is not only good management, but is necessary if the Department is to effectively field the new capabilities required to support the Department's expanding financial and economic missions.

<u>Background</u>

The core challenge to realizing these savings lies in the delicate balance of optimizing cost efficiency while still enabling the autonomous and agile delivery of capability against the, at times, extremely disparate missions of the bureaus comprising the Department. In light of this, the Treasury E-Board has endorsed the following multi-faceted strategy for assessing and executing against the opportunities that exist for reducing the cost of the Department's IT infrastructure.

- <u>Converge our voice and data networks to a more capable and cost effective platform</u>

  Treasury currently operates the largest private, secured civilian government network in the United States. While the reliability and security of these networks is critical to the Department's mission, these networks also represent a significant component of Treasury's overall IT Infrastructure expense. Furthermore, newer managed service type offerings built on digitally converged networks allow for the secure provisioning and management of voice, data, fax and video services in a much more cost effective manner than Treasury enjoys today. In light of this, Treasury is actively migrating to a newer, managed service type offering. Once completed, this migration will enable the Department to quickly tailor specific features and functionality to the needs of a particular bureau, team or individual based on their mission objectives, security requirements and geographic location. It will also allow Treasury to aggressively manage the unit costs of these services.

- <u>Expand the usage of virtualization technologies to further improve the cost efficiency of our computing centers</u>

  Treasury currently manages several different server and mainframe technologies to operate its IT infrastructure. The costs associated with these server technologies vary tremendously and current utilization rates indicate there are clear opportunities for improved consolidation and increased, overall hardware utilization. Building on our current successes in leveraging virtualization technologies, we will continue to deploy these technologies in both our server and desktop environments to further drive down unit costs and improve the agility with which computer platforms can be provisioned.

- <u>Promote greater leverage of either Department-wide or multi-bureau IT capabilities (i.e., data centers, enterprise content management, etc.)</u>

  As disparate as the missions of the Bureaus comprising the U.S. Department of the Treasury can be, there are also significant opportunities for creating and leveraging capabilities that are shared across more than one Bureau. This includes data centers, help desks, or common applications (i.e., human capital, enterprise content management, business analytics platforms, etc.) Treasury will be extremely aggressive in identifying, rationalizing and executing against these opportunities for providing greater functionality at a lower unit cost.

- <u>Ensure the usage of cross enterprise licensing for commodity software and hardware</u>

  Treasury Bureaus and Offices have traditionally sole sourced licenses for various IT related products and services which have at times resulted in disparate fee schedules and inconsistent vendor performance. Treasury will aggressively pursue enterprise level agreements in an effort to provide reduced licensing fees, better product and agreement terms, and more consistent vendor performance.

4.2 – Program Evaluation

Program Name: Economic and Trade Sanctions Program - OFAC

Assessment and Improvement Actions

- The program lacked long-term performance goals with specific targets
- The program had not yet instituted annual performance goals to determine the effectiveness
- The program was lacking unit cost measures of its sanctions

Bureau Actions Planned or Underway

TFI introduced and began to apply a composite performance measure to improve the assessment of its impact. There are four components within the composite measure aligned to each office within TFI that are linked to its overall performance goals and the Department's strategic outcomes. This performance measure was baselined in FY 2009 and has a target of 7.14 for FY 2010 and FY 2011. TFI and the Department will continue to refine how the measure is rated and scored.