

Departmental Offices - S & E

Program Summary by Budget Activity

(Dollars in thousands)

Appropriation	FY 2009		FY 2010	FY 2011		% Change (Plus Admin Allocation)*
	ARRA	Enacted	Enacted	Request	\$ Change	
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	\$0	\$91,604	\$99,786	\$0	(\$99,786)	(100.0%)
Subtotal, Departmental Offices - S & E	\$131,000**	\$278,869	\$304,888	\$346,401	\$41,513	13.6%
Offsetting Collections - Reimbursables	\$0	\$18,500	\$33,842	\$33,842	\$0	-
Total Program Operating Level	\$131,000**	\$297,369	\$338,730	\$380,243	\$41,513	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 the other budget activities.

**ARRA funding includes \$122 million for IRS, \$6 million for FMS, and \$3 million for DO

Explanation of Request

The Fiscal Year (FY) 2011 President's Budget Request for the Salaries and Expenses appropriation provides new resources to develop superior analytical capacity in the Offices of Domestic Finance, Economic Policy and Tax Policy; to bolster intelligence efforts in support of anti-money laundering and the financing of counterterrorism programs; to ensure that the US and other governments can coordinate more effectively on economic and other policies to ensure a stable international economy; to generate procurement influenced savings; and to support critical economic recovery policies and programs.

In order to meet current and future economic challenges, Treasury staff must maintain vast expertise in an array of complex finance and government fields. The Budget supports this need by enhancing the capacity of Treasury's core analysis functions in Domestic Finance, Economic Policy and Tax Policy. These core investments will strengthen the Administration's effort to ensure a full recovery from the financial crisis and to prevent future crises. The Budget also provides resources for the Office of Intelligence Analysis through the Global Finance Initiative, to improve

intelligence collection and dissemination in support of the Department's worldwide anti-money laundering and the financing of counter-terrorism program efforts. Finally, the Budget provides additional support for the critical American Recovery and Reinvestment Act of 2009.

Departmental Offices (DO) top priorities and proposed initiatives support each of the Department's strategic goals: Effectively Manage U.S. Government Finances; Ensure U.S. and World Economies Perform at Full Potential; Prevent Terrorism and Promote the Nation's Security Through Strengthened International Financial Systems; and Promote Management and Organizational Excellence

Total resources requested to support DO activities for FY 2011 are \$380,243,000 including \$346,401,000 from direct appropriations and \$33,842,000 from offsetting collections and reimbursable programs

Purpose of Program

Departmental Offices, as the headquarters bureau for the Department of the Treasury, provides leadership to the Department through the promotion of policies geared toward

developing a strong and stable economy. The Secretary of the Treasury plays a primary role in the formulation and management of domestic and international economic policies of the United States, specifically in the areas of finance, tax, terrorism and financial intelligence policies. Through effective management and leadership, the Department of the Treasury develops and implements strategies to promote the stability of the nation's financial markets, ensure the integrity of the financial system, and enhance the government's ability to collect revenue, and serves as a world leader for best practices in the area of counterterrorist financing and anti-money laundering.

DO FY 2011 Budget Highlights

(Dollars in thousands)

Appropriation	Amount
FY 2010 Enacted	304,888
Changes to Base:	
Base Realignment:	\$0
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:	(\$10,603)
DO IT Contract Savings	(5,300)
DAS Operations	(1,700)
Operations Center	(1,500)
Centralized Services	(500)
TFI and IA Office Savings	(1,603)
Subtotal FY 2011 Changes to Base	(\$7,519)
Total FY 2011 Base	297,369
Program Changes:	
Program Increases:	\$49,032
Domestic Finance Capacity Building	16,681
IA Multilateral Meeting Support	6,739
Program Evaluations	5,292
OIA Global Finance Initiative	3,600
Cyber Security	3,000
Alpha Computers Modeling Systems	2,750
Procurement Improvements	2,500
Tax Policy Capacity Building	2,400
Recovery Act	2,000
Economic Policy Capacity Building	2,000
Global Tax Forum	1,000
OIA Counterproliferation	770
OIA IT Connectivity/Information Sharing	300
Subtotal FY 2011 Program Changes	\$49,032
Total FY 2011 Budget Request	\$346,401

FY 2011 Budget Adjustments

FY 2010 Enacted

The FY 2010 enacted direct appropriation for DO is \$304,888,000.

Base Realignment

Base Realignment +\$0 / +16.5 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)

Adjustments Necessary to Maintain Current Levels +\$5,584,000 / +0 FTE

Funds are requested for the increase in agency retirement contribution percentages for GS employees from 11.2% to 11.5% for FY 2011 as required by OPM, for non-pay related items such as contracts, travel, supplies, equipment and GSA rent, for the FY 2011 pay increase, and the FY 2011 cost of the 2010 pay raise.

Non-Recurring Costs

National Academy of Science Transfer - \$2,500,000 / +0 FTE

Nonrecur of the National Academy of Science Transfer from FY 2010.

Efficiencies Savings

Departmental Offices IT Contract Savings - \$5,300,000 / +0 FTE

Savings will be realized through 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 through 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 a decrease in the overall cost of IT servers previously funded through the Working Capital Fund. This savings is shared proportionally across DO.

Terrorism and Financial Intelligence and International Affairs (TFI and IA) Office Savings -\$1,603,000 / -3 FTE

IA will achieve \$587,000 in savings by reducing three positions supporting the markets room and TFI will achieve \$1.016 million in savings by reducing travel costs, overseas support, FOIA compliance, general administration, and training.

Program Increases

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 Department of Treasury needs additional resources to support more robust institutional capability within the Office of Domestic Finance. Additional resources will enable Domestic Finance to provide expert advice to the current Administration as well as future administrations, promoting a strong economy while maintaining fiscal discipline.

International Affairs Multilateral Meetings Support G7, G-20, and APEC Meetings
+\$6,739,000 / +0 FTE

The Administration is increasing the number of ministerial meetings it normally hosts in order to ensure that the US and other governments can coordinate more effectively on economic and other policies to ensure a stable international economy. This increase includes \$400,000 in funding 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.

Office of Intelligence and Analysis Global Finance Initiative +\$3,600,000 / +10 FTE

This builds upon the FY 2009 Global Finance Initiative to further leverage intelligence that informs and enables senior Treasury leaders in the formulation of policy and the execution of Treasury authorities, and allows the Office of Intelligence and Analysis (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 our initiative to generate (a) procurement savings, (b) additional strategic sourcing efforts within Treasury and across government and (c) systemic process improvements.

Tax Policy Capacity Building +\$2,400,000 / +8 FTE

The Office of Tax Policy (OTP) is requesting eight new positions. These specialists will ensure that OTP can respond to new challenges of the financial crisis, support the financial stimulus plan, and address key tax policy issues such as climate change and health care. 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 ensure policy revisions are made to support Administration priorities in these key areas.

Recovery Act +\$2,000,000 / +3 FTE

Treasury requests 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 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 services has risen sharply. OEP needs additional specialized expertise to: analyze economic events and make policy proposals, understand how recent and future policy actions affect the economy, and use all available data efficiently. OEP needs staff expertise to provide analysis in utilizing various government and private databases which differ in structure and content. OEP requests resources to add economists and to create a small 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 Cooperation 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). 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. On September 1-2, 2009, the Global Forum met in Mexico and began the process of implementing this new mandate. Treasury estimates 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

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.

Explanation of Budget Activities

Salaries and Expenses

Executive Direction (\$38,587,700 from direct appropriations and \$3,371,000 from reimbursable programs)

Provides direction and policy formulation to the Department, and interacts with Congress and the public on Departmental policy matters.

Economic Policies and Programs (\$70,562,000 from direct appropriations and \$7,342,000 from reimbursable programs)
Monitors domestic and international economic conditions and collects and analyzes financial data, including foreign credits and credit guarantees.

Financial Policies and Programs (\$91,212,000 from direct appropriations and \$8,123,000 from reimbursable programs)
Monitors and provides economic and financial policy expertise in the areas of domestic finance and tax policy.

Terrorism and Financial Intelligence (TFI) (\$102,613,000 from direct appropriations and \$9,357,000 from reimbursable programs)
Develops and implements strategies to counter terrorist financing and money laundering.

Treasury-wide Management and Programs (\$43,426,500 from direct appropriations and \$5,649,000 from reimbursable programs)
Provides strategic plans, and policy direction in the fields of human resources, information technology security, and financial administration that include the formulation and management of the budget.

Administration Programs (No funding)

For FY 2011, Treasury will allocate administrative expenses for Departmental Offices by operational budget activity, instead of maintaining a separate budget activity for administrative expenses. This will give oversight officials a better understanding of

the full cost of each program within Departmental Offices.

Legislative Proposals

Departmental Offices has no legislative proposals.

DO Performance by Budget Activity

Budget Activity	Performance Measure	FY 2007	FY 2008	FY 2009			FY 2010	FY 2011
		Actual	Actual	Target	Actual	Target Met?	Target	Target
Terrorism and Financial Intelligence	Impact of TFI programs and Activities (Oe)	-	-	Baselined	7.81	Yes	7.4	7.6
Treasury-wide Management Policies and Programs	Complete investigations of EEO complaints within 180 days (%) (Oe)	51.6	56	50	65	Yes	65	65
Treasury-wide Management Policies and Programs	Injury and illness rate Treasurywide-including DO (Oe)	1	0	Disc	Disc	N/A	Disc	Disc
Treasury-wide Management Policies and Programs	Number of material weaknesses closed (significant management problems identified by GAO, the IGs and/or the bureaus) (Oe)	0	2	n/a	n/a	n/a	1	1
Treasury-wide Management Policies and Programs	Percent of complainants informally contacting EEO (for the purposes of seeking counseling or filing a complaint) who participate in the ADR process (Oe)	29	45	30	35	Yes	35	40
Financial Policies and Programs	Release Federal Government-wide Statements on time (Oe)	Yes	Yes	Meet Deadline	Was Met	No	Meet Deadline	Meet Deadline

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

Description of Performance

DO is continuing to work to develop more meaningful performance measures for policy offices.

In fiscal year 2009, the Department discontinued using previous TFI Budget Activity performance measures. These measures are now used as indicators for the new composite measure that was developed in fiscal year 2009. TFI introduced and began to apply a composite performance measure in

fiscal year 2009 to improve the assessment of its impact.

The offices comprising the Treasury Wide Management (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.

Beginning in fiscal year 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.

For fiscal year 2009 Treasury received an overall score of 73 percent in employee performance, based on six bureaus receiving a passing score (OPM considers 80 points a “passing score” for agency bureaus). Agency bureaus that did not receive a passing score were required to submit and begin execution of an improvement plan. 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.

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. Where necessary, performance assessment will accommodate for this level increase, so that performance results will maintain historical comparability with prior years’ results.

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.

In FY 2009, Treasury’s Office of International Affairs (IA) exceeded all targets for its performance measures related to trade and investment. For FY 2009, 94 percent of Multilateral Development Bank (MDB) grant and loan proposals contained satisfactory results measurement frameworks, exceeding the Department’s target of 90 percent. In FY 2008, the Office of Technical Assistance established two new performance measures to assess the effectiveness of assistance programs for client countries. The average rating in FY 2009 was 3.7 for traction and 3.1 for impact, out of a possible score of 5.0. Performance targets for FY 2010 and FY 2011 for IA measures have been set to reflect current economic conditions.