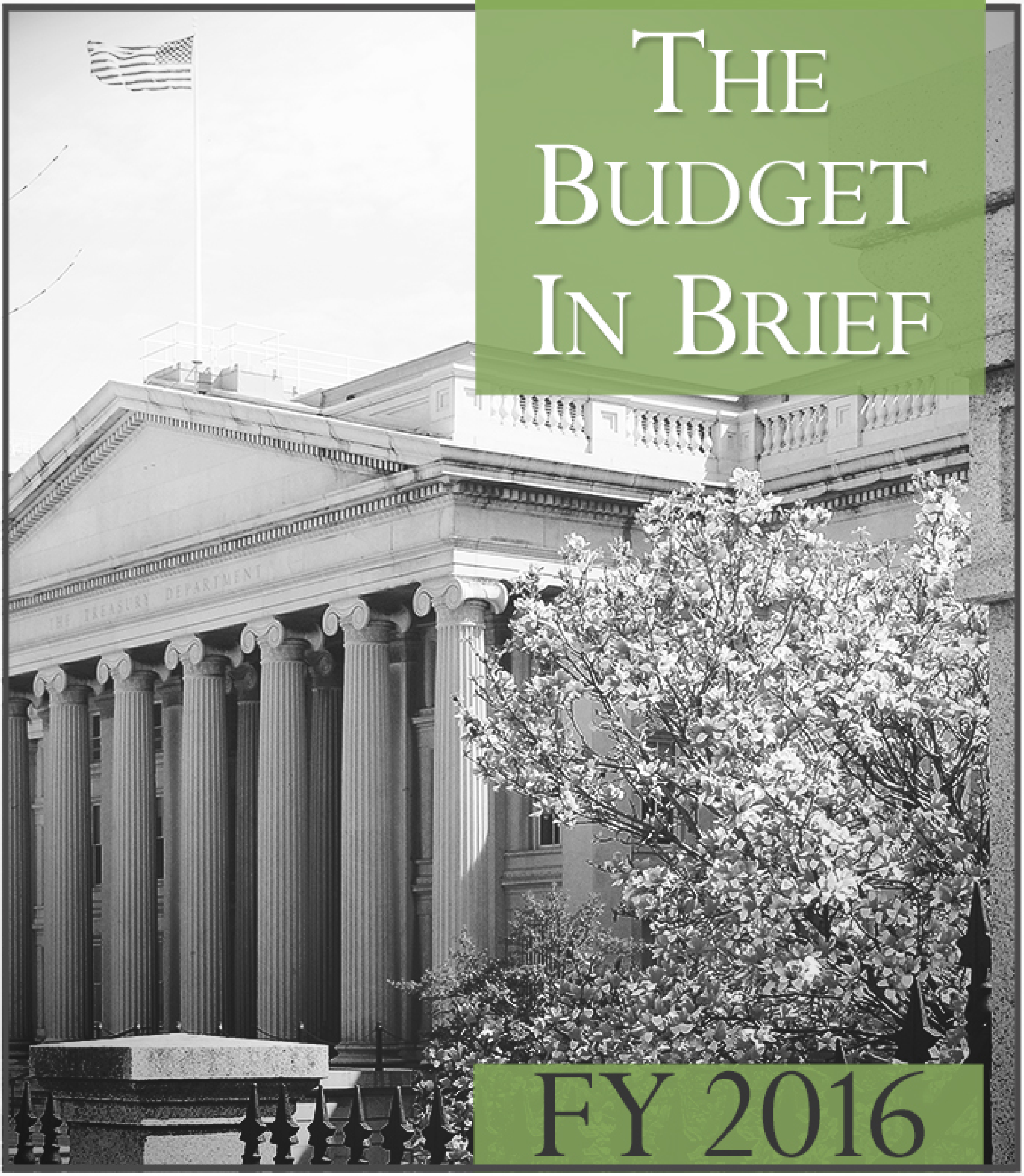
U. S. DEPARTMENT OF THE TREASURY

The Budget In Brief

FY 2016



Message from the Secretary of the Treasury

Dear Member:

Over the past six years, the Department of the Treasury has supported President Obama's efforts to rebuild and grow the nation's economy after the worst recession since the Great Depression. Today the economy is creating jobs at the fastest pace since the 1990s and the unemployment rate has fallen to the lowest level in more than six years. While the recovery has strengthened, work remains to sustain this progress and make sure the benefits of growth are broadly shared by all Americans.

The Fiscal Year (FY) 2016 President's Budget requests $14.3 billion for Treasury's operating bureaus and $2.9 billion for our International Programs. The proposal identifies savings across the Department, as well as targeted investments in key areas that will help strengthen our nation's long-term economic and fiscal position.

The request makes strategic investments in the Internal Revenue Service (IRS) to improve service to tens of millions of taxpayers and reduce the deficit through more effective tax administration. The IRS collects more than 90 percent of federal revenue and interacts with virtually every American. Despite the crucial role of the IRS in our government, FY 2015 marks five years of Congress reducing the bureau's funding, which is now $1.2 billion lower than in FY 2010. These reductions are costing the taxpayer billions of dollars in lost enforcement revenue each year. The FY 2016 request restores these funds and allows the IRS to provide quality service that American taxpayers deserve.

The request also includes funding for select high priorities such as implementing the Digital Accountability and Transparency Act of 2014, supporting lending to small businesses, and increasing the availability of healthy food options for low-income communities via the Healthy Food Financing Initiative.

Treasury's International Programs request aims to strengthen our national security, expand markets for American businesses, and address global challenges, including poverty, conflict, climate change, and food insecurity. The request also proposes legislation to increase the U.S. quota in the International Monetary Fund and reduce U.S. participation in the New Arrangements to Borrow while preserving the veto power of the United States and our influence in this important institution.

The FY 2016 Congressional Budget Justification includes the information required in the Annual Performance Report. I have validated the accuracy, completeness, and reliability of the performance data in this report.

Sincerely,

Jacob J. Lew

U.S. Department of the Treasury
FY 2016 Budget in Brief

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The information presented in the FY 2016 Budget in Brief is accurate and complete as of February 2, 2015. Any updated information will be reflected in the budget available on the Treasury Department website, Treasury.gov.

Mission Statement

Maintain a strong economy and create economic and job opportunities by promoting 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.

Executive Summary

FY 2016 President's Budget by Function

Dollars in thousands

	FY 2014 Enacted	FY 2015 Enacted	FY 2016 Request	FY 2015 to FY 2016 Increase/ Decrease	FY 2015 to FY 2016 Percent Change
Management & Financial	$1,338,388	$1,343,704	$1,397,680	$53,976	4.0%
Departmental Offices Salaries and Expenses	$312,400	$210,000	$331,837	$121,837	58.0%
Terrorism and Financial Intelligence (TFI)	$0	$112,500	$0	($112,500)	-100.0%
Departmental Offices Salaries and Expenses[1]	**$312,400**	**$322,500**	**$331,837**	**$9,337**	**2.9%**
Department-wide Systems and Capital	$2,725	$2,725	$10,690	$7,965	292.3%
Office of Inspector General	$34,800	$35,351	$35,416	$65	0.2%
Treasury IG for Tax Administration	$156,375	$158,210	$167,275	$9,065	5.7%
Special Inspector General for TARP	$34,923	$34,234	$40,671	$6,437	18.8%
Community Development Financial Institutions	$226,000	$230,500	$233,523	$3,023	1.3%
Financial Crimes Enforcement Network	$112,000	$112,000	$112,979	$979	0.9%
Alcohol and Tobacco Tax and Trade Bureau	$99,000	$100,000	$106,439	$6,439	6.4%
Program Cap Adjustment Included in IRS	*$0*	*$0*	*($5,000)*	*($5,000)*	*NA*
Net, Alcohol and Tobacco Tax and Trade	**$99,000**	**$100,000**	**$101,439**	**$1,439**	**1.4%**
Bureau of the Fiscal Service	$360,165	$348,184	$363,850	$15,666	4.5%
Tax Administration	$11,290,612	$10,945,000	$12,931,071	$1,986,071	18.1%
IRS Taxpayer Services	$2,156,554	$2,156,554	$2,408,803	$252,249	11.7%
IRS Enforcement	$5,022,178	$4,860,000	$5,399,832	$539,832	11.1%
IRS Operations Support	$3,798,942	$3,638,446	$4,743,258	$1,104,812	30.4%
IRS Business Systems Modernization	$312,938	$290,000	$379,178	$89,178	30.8%
Less, IRS Cap Adjustment	*$0*	*$0*	*$667,297*	*$667,297*	*NA*
IRS Total, Excluding Cap Adjustment	***$11,290,612***	***$10,945,000***	***$12,263,774***	***$1,318,774***	***12.0%***
Subtotal, Treasury Appropriations Committee	**$12,629,000**	**$12,288,704**	**$14,328,751**	**$2,040,047**	**16.6%**
Treasury Forfeiture Fund	($836,000)	($869,000)	($875,000)	($6,000)	0.7%
Total, Treasury Appropriations Committee	**$11,793,000**	**$11,419,704**	**$13,453,751**	**$2,034,047**	**17.8%**
Total, Cap Adjustment	***$0***	***$0***	***$667,297***	***$667,297***	***NA***
Total, Treasury Appropriations Committee Excluding Cap Adjustment	***$11,793,000***	***$11,419,704***	***$12,786,454***	***$1,366,750***	***12.0%***
Treasury International Programs	**$2,690,229**	**$2,454,304**	**$2,901,846**	**$447,542**	**18.2%**
Economic Growth, National Security and Poverty	$2,075,449	$1,999,804	$2,063,853	$64,049	3.2%
Food Security	$163,000	$30,000	$74,930	$44,930	149.8%
World Bank Environmental Trust Funds	$428,280	$401,000	$548,563	$147,563	36.8%
Debt Relief	$0	$0	$124,500	$124,500	NA
Office of Technical Assistance (OTA)	$23,500	$23,500	$28,000	$4,500	19.1%
Middle East Transition Fund	$0	$0	$0	$0	NA
International Monetary Fund	$0	$0	$62,000	$62,000	NA
Total	**$14,483,229**	**$13,874,008**	**$16,355,597**	**$2,481,589**	**17.9%**

[1]In FY 2015, TFI was established as a separate appropriation. The Administration includes TFI activities in the Departmental Offices Salaries and Expenses appropriation in FY 2016.

Overview

The Fiscal Year (FY) 2016 President's Budget requests $14.3 billion in annual discretionary appropriations for the Department of the Treasury's operating accounts. Of this amount, $667 million is provided through a program integrity cap adjustment for tax enforcement activities estimated to yield net deficit reduction of $41 billion over the next ten years. Treasury continues to identify operational savings across programs, while making key investments to foster economic growth and opportunity, fight financial crimes, protect taxpayers and promote fair and effective revenue collection, encourage small business lending, support struggling homeowners, and responsibly manage the U.S. government's financial resources. The Budget also proposes a permanent cancellation of $875 million in Forfeiture Fund balances. In addition, the Budget proposes $2.9 billion for Treasury's International programs in order to promote our national security, open new markets for U.S. exporters, and address key global challenges such as food security and the environment.

The Budget aligns with the Department's *FY 2014 to 2017 Strategic Plan*, Agency Priority Goals, and Federal Priority Goals.[1] The Congressional Justification also serves as the Department's Annual Performance Report and Plan.

[1] Per the GPRA Modernization Act, P.L. 111-352, requirement to address Federal Goals in the agency Strategic Plan and Annual Performance Plan, please refer to Performance.gov for information on Federal Priority Goals and the agency's contributions to those goals, where applicable.

Treasury Strategic Goal: Promote Domestic Economic Growth and Stability while Continuing Reforms to the Financial System

Treasury is committed to promoting economic growth that allows citizens and businesses to have more confidence in the safety and soundness of the financial system.

Supporting Small Businesses

The Small Business Jobs Act of 2010 created the Small Business Lending Fund (SBLF) and the State Small Business Credit Initiative (SSBCI). The SBLF helps increase the availability of credit to small businesses by providing capital to community banks and community development loan funds with assets under $10 billion. In its first round of funding, SSBCI allocated $1.5 billion to strengthen state programs that leverage private capital and support lending to small businesses and small manufacturers that are creditworthy but unable to access the credit needed to grow and create jobs in their communities. From FY 2011 through FY 2013, SSBCI programs in all 50 states supported over $4.1 billion in loans and investments to 8,500 small businesses across the country — creating or saving more than 95,000 American jobs, as reported by the small businesses who received the loans and investments.

The Budget proposes a new authorization of $1.5 billion for SSBCI to build on the momentum of the program's first round, strengthen the federal government's relationships with state economic development agencies, and provide capital to America's diverse community of entrepreneurs. This additional $1.5 billion would be awarded in two allocations: $1 billion awarded on a competitive basis to states best able to target local market needs, promote inclusion, attract private capital for start-up and scale-up businesses, strengthen regional entrepreneurial ecosystems, and evaluate results; and $500 million awarded by a formula based on economic factors such as job losses and pace of economic recovery.

Supporting Economic Growth and Opportunity

The Budget proposes $233.5 million for the Community Development Financial Institutions (CDFI) Fund to promote economic development investments in low-income and underserved communities. Of the total request, $35 million — an increase of $13 million from FY 2015 — for the Administration's Healthy Food Financing Initiative will support increased availability of affordable, healthy food options for Americans living in food deserts.

The CDFI Fund will begin administering in FY 2016 a second round of awards under the Capital Magnet Fund (CMF). In December 2014, the Federal Housing Finance Agency (FHFA) directed Fannie Mae and Freddie Mac to begin allocating funds to CMF as authorized by the Housing and Economic Recovery Act of 2008 (HERA). The purpose of CMF is to make awards to CDFIs and qualified nonprofit housing providers to increase capital investment for the development, preservation, rehabilitation, and purchase of affordable housing for low-income families and for related economic development activities.

The Budget proposes legislation to extend the CDFI Bond Guarantee program, established by the Small Business Jobs Act of 2010, through FY 2017 with an annual guarantee level not to exceed $1 billion to provide a source of long-term capital to CDFIs that support lending in underserved communities. The Budget also proposes reforms to the program to increase participation and ensure credit-worthy CDFIs have access to this important source of capital while continuing to maintain strong protections against credit risk. The CDFI Bond Guarantee program will continue to operate at no budgetary cost for new guarantees issuances.

Treasury proposes to implement a new $300 million fund from mandatory appropriations to support Pay for Success projects. A growing number of state and local governments are using the Pay for Success model to finance preventive social programs that can provide savings to the federal government while improving outcomes for families and communities. Emerging Pay for Success projects are hampered by an inability to leverage savings across both levels of government and also government programs and by a lack of rigorous data. A Pay for Success fund will be designed to ensure that taxpayers get better returns for funds expended and government assets are protected by supporting for projects that show measurable outcomes resulting in greater federal savings and programmatic efficiency.

Improving Retirement Security

Many Americans lack access to workplace retirement savings plans, which is usually the most effective way to save for retirement. The risk of an insecure retirement is especially great for women, minorities, and low-income Americans. Treasury is supporting the Administration's effort to improve retirement security by implementing a safe, simple, and affordable "starter" retirement savings program called myRA. Launched in December 2014 as a pilot for a group of small, medium and large employers, myRA is a retirement savings option with a new type of Roth IRA investment that has no start-up cost, no fees and no minimum contributions. The investment is backed by the U.S. Treasury and the account carries no risk of losing money. Through regular, automatic contributions from a paycheck, myRA is a safe, simple and affordable way for individuals to start saving for retirement.

Implementing Financial Reform

The Budget provides resources to continue implementation of the comprehensive financial reforms included in the Dodd-Frank Wall Street Reform and Consumer Protection Act. These reforms place tougher limits on risk-taking by financial institutions in order to promote financial stability and protect the American people.

In FY 2016, Treasury will strengthen the capabilities of the Federal Insurance Office and invest in enhanced coordination and oversight of regulatory reform through the Financial Stability Oversight Council (FSOC). The Budget also reinvests savings to support U.S. efforts to encourage international trade and investment partners to implement corresponding financial reforms and safeguards — a key element to preventing or mitigating future crises.

Winding Down the Troubled Asset Relief Program

The actions taken under the Troubled Asset Relief Program (TARP), along with other emergency measures put in place by the Board of Governors of the Federal Reserve System and the Federal Deposit Insurance Corporation (FDIC), helped prevent the collapse of the U.S. financial system and stabilize the economy during the recent financial crisis. As a result of careful stewardship of the program and improved financial conditions, the ultimate cost of TARP investments to taxpayers has dropped from an estimated $341 billion in FY 2009 to $37.4 billion as of September 30, 2014 ($20 billion when Treasury's additional AIG receipts are included). While winding down investment programs, Treasury continues TARP programs designed to help struggling homeowners avoid foreclosure.

Stabilizing the Housing Market

Using authority granted under the Emergency Economic Stabilization Act (EESA), Treasury established two central housing programs under TARP, the Making Home Affordable (MHA) program and the Hardest Hit Fund (HHF). Treasury also used its authority to support the Federal Housing Administration's (FHA) Short Refinance Program. In total, more than 2.2 million homeowner assistance actions have taken place under MHA programs. The Hardest Hit Fund provides $7.6 billion to 18 states and the District of Columbia to provide assistance to struggling homeowners through locally tailored programs administered by each respective housing finance agency. To date, 19 housing finance agencies have drawn a total of $4.8 billion under the HHF.

Recently, Treasury and HUD announced enhancements to MHA programs designed to better assist struggling homeowners and communities still recovering from the effects of the financial crisis. The enhancements will help motivate borrowers to continue making modified mortgage payments, strengthen the safety net for homeowners facing continuing financial hardships, and help homeowners in MHA programs build equity in their homes, an important element in stabilizing distressed neighborhoods.

Treasury Strategic Goal: Enhance U.S. Competitiveness and Job Creation, and Promote International Financial Stability and More Balanced Global Growth

Encouraging International Economic Growth and Stability

Treasury works bilaterally and multilaterally to foster strong, sustainable, and balanced global growth; support free trade and open markets; promote a level playing field for U.S. financial institutions; maintain stable international financial markets; encourage foreign investment in the United States while protecting national security; and use leadership positions in international financial institutions to pursue U.S. strategic and economic policy goals.

The Department's $2.9 billion FY 2016 International Programs Budget request provides a cost effective way to promote our national security, expand markets for American businesses, and address key global challenges, including poverty, conflict, climate change, and food insecurity. The request includes funding for capital increases and replenishments at multilateral development banks, as well as contributions to several targeted funds and funding for Treasury's Office of Technical Assistance.

A well-resourced and effective IMF is indispensable to protecting the health of the U.S. economy, enhancing the prosperity of American workers, and achieving our national security interests. Our request proposes appropriations and authorization language to increase the U.S. quota in the IMF and simultaneously reduce, by an equal amount, U.S. participation in the IMF's New Arrangements to Borrow. This language is necessary to complete IMF reforms that preserve the U.S. veto and our influence at the IMF. These reforms do not increase the current U.S. financial commitment to the IMF. We are prepared to work with Congress on funding approaches that secure passage of these critical reforms as soon as possible.

Treasury Strategic Goal: Fairly and Effectively Reform and Modernize Federal Financial Management, Accounting, and Tax Systems

Data Transparency

The Budget provides funding for efforts to increase transparency and accountability in federal financial management and implement the Digital Accountability Transparency Act of 2014 (DATA Act). The DATA Act continues the reporting required under the Federal Funding Accountability and Transparency Act; requires additional federal spending data to be displayed on USAspending.gov; and requires establishment of government-wide financial data standards for any federal funds made available to or expended by federal agencies and entities receiving federal funds. Treasury is committed to implementing the DATA Act in a way that not only increases spending transparency but also improves government decision-making and increased operational efficiency through better access to data.

Internal Revenue Service

The Internal Revenue Service (IRS) collects more than 90 percent of federal revenue and interacts with virtually every American. Resources invested in the bureau represent a smart investment for taxpayers, returning nearly $4 for every dollar invested. In recent years, a lack of sufficient funding for the IRS has had major implications for taxpayers and the tax system. Despite IRS's crucial role in our government, FY 2015 marks five years of Congress reducing the agency's funding, which is now $1.2 billion lower than in FY 2010. As a result, taxpayers face longer wait times on the phone, and it takes longer for the IRS to respond to taxpayer correspondence. A sustained deterioration in taxpayer service combined with reduced enforcement activity could create serious long-term risk for the U.S. tax system, which relies on voluntary compliance. The IRS supports this compliance by addressing millions of taxpayers' questions in their efforts to comply with the law.

The Budget provides the IRS with $12.3 billion in base discretionary resources, an increase of $1.3 billion from FY 2015, to begin restoring taxpayer services to acceptable levels. Funds are also provided to continue major IT projects which aim to protect taxpayer information, modernize antiquated systems, continue development of a state-of-the-art online taxpayer experience, and build efficiencies throughout the agency while continuing to fund system development due to new legislative mandates including the Foreign Account Tax Compliance Act (FATCA) and the Affordable Care Act (ACA).

The Budget also proposes a $667 million cap adjustment to support program integrity efforts aimed at restoring enforcement of current tax laws to acceptable levels and to help reduce the tax gap. This multi-year effort is expected to generate $60 billion in additional revenue over the next ten years at a cost of $19 billion, thereby reducing the deficit by $41 billion. The targeted investments made in FY 2016 are expected to generate nearly $2.8 billion in annual revenue once fully operationalized in FY 2018, returning nearly $6 to the government for every dollar invested for these initiatives.

Restoring Gulf Coast Communities

The Resources and Ecosystems Sustainability, Tourist Opportunities, and Revived Economies of the Gulf Coast States Act of 2012 (RESTORE Act) established the Gulf Coast Restoration Trust Fund (Trust Fund) to maintain the civil and administrative penalties arising from the *Deepwater Horizon* oil spill. Treasury serves oversight, administrative, compliance, and audit roles to help ensure that funds are expended as required by the RESTORE Act, and works with the Gulf Coast Restoration Council to administer these funds in supporting economic and environmental restoration in the Gulf Coast region. The Budget proposes legislation that will allow Departmental Offices to draw resources from the Trust Fund to carry out its responsibilities.

Treasury Strategic Goal: Safeguard the Financial System and Use Financial Measures to Counter National Security Threats

The Office of Terrorism and Financial Intelligence (TFI) oversees and marshals Treasury's intelligence, enforcement, and economic sanctions functions in support of U.S. national security policies and interests. The Budget provides $109.3 million to support these efforts.

Treasury is leading the U.S. effort to undermine the Islamic State of Iraq and the Levant's (ISIL) finances as part of the comprehensive U.S. strategy to disrupt, degrade, and ultimately defeat the terrorist group. Representative of the comprehensive approach to counter ISIL, Treasury is working closely with the State Department, the Department of Defense, domestic and foreign law enforcement, the intelligence community, and the international community to undermine disrupt ISIL's revenue streams; to restrict ISIL's access to the international financial system; and impose sanctions on ISIL's senior leadership and financial facilitators to disrupt its ability to operate.

Safeguarding the Financial System

The Budget provides $113 million for the Financial Crimes Enforcement Network (FinCEN) to support Treasury's efforts to safeguard the financial system from illicit use, combat money laundering, and promote national security through the collection, analysis, and dissemination of financial intelligence and strategic use of financial authorities. FinCEN is applying its information gathering, analytic, and policy resources, along with its international relationships with foreign financial intelligence units, to combat threats posed by groups such as ISIL. FinCEN's work is focused on the collection, analysis, and dissemination of financial intelligence information.

Collection of Major Asset Forfeitures Supports Deficit Reduction
The Treasury Forfeiture Fund received over $833.5 million in forfeitures and recoveries in FY 2014. The success of Treasury's asset forfeiture program allows the Department to make priority investments in law enforcement and national security, without requesting additional resources from taxpayers. Further, it enables Treasury to contribute to deficit reduction with a proposed permanent cancellation of $875 million from the Forfeiture Fund's unobligated balances in FY 2016.

Improving the Cybersecurity of Our Nation's Financial Sector
Cyber risks to financial institutions and markets are growing in both frequency and sophistication. A cyber-attack by a state or non-state actor could paralyze our economy and cause significant long-term damage. Treasury is working to reduce the risks from cyber-attacks by helping to improve the financial sector's resilience to such attacks and by investing in Treasury's own defenses and infrastructure.

Treasury Strategic Goal: Create a 21st-Century Approach to Government by Improving Efficiency, Effectiveness, and Customer Interaction

Treasury will continue to manage Treasury's resources as effectively and efficiently as possible, creating the best value for all constituents.

Improving Digital Services
The success rate of government digital services is improved when agencies have digital service experts on staff with modern digital product design, software engineering, and product management skills. The FY 2016 Budget includes funding to establish a Treasury Digital Service team that will focus on transforming the Department's digital services with the greatest impact to taxpayers and businesses so they are easier to use and more cost-effective to build and maintain.

Increasing Shared Services
Treasury will continue to focus on achieving cost savings for American taxpayers, modernizing operations, and increasing productivity by governing strategically, working smarter, and leveraging technology. Increasing the use of shared services and better leveraging strategic sourcing for federal procurement will help achieve these goals.

Assess the Future of Currency, Including the Penny
The production and circulation of currency in the United States have been largely unchanged for decades, despite the growth in electronic financial transactions. Treasury is continuing its comprehensive review of U.S. currency, including a review of both the production and use of coins, in order to efficiently promote commerce in the 21st century. This review includes alternative metals, the United States Mint facilities, and consumer behavior and preferences. Treasury expects to announce the results of its review this fiscal year.

The Budget includes a plan to relocate the Bureau of Engraving and Printing's Washington, D.C. facility to a facility more appropriate for modern currency production.

Savings Proposals
As a result of Treasury's ongoing efforts to improve efficiency, reduce costs, and streamline operations, the Department has been able to propose over $1.1 billion in savings in its budget submissions over the past five years.

FY 2016 President's Budget by Strategic Goal

(Dollars in thousands)

Treasury Goal/Objective	Promote domestic economic growth and stability while continuing reforms of the financial system		Enhance U.S. competitiveness and job creation, and promote international financial stability and more balanced global growth		Fairly and effectively reform and modernize federal financial management, accounting, and tax systems		Safeguard the financial system and use financial measures to counter national security threats		Create a 21st-century approach to government by improving efficiency, effectiveness and customer interaction		Total	
	Direct $	Reimb. $	Direct $	Reimb. $	Direct $	Reimb. $	Direct $	Reimb. $	Direct $	Reimb. $	Direct $	Reimb. $
Management & Financial	503,934	42,007	85,621	24,399	531,245	229,269	248,675	69,782	28,205	7,717	1,397,680	373,175
Departmental Offices Salaries and Expenses	68,010	17,565	85,621	24,399	45,995	16,010	114,696	55,782	17,515	7,717	331,837	121,474
Department-wide Systems and Capital Investments Program									10,690		10,690	0
Office of Inspector General					14,416	2,000	21,000	11,000			35,416	13,000
Treasury Inspector General for Tax Administration					167,275	1,500					167,275	1,500
Special Inspector General for TARP	40,671										40,671	0
Community Development Financial Institutions Fund	233,523	0									233,523	0
Financial Crimes Enforcement Network							112,979	3,000			112,979	3,000
Alcohol and Tobacco Tax and Trade Bureau	48,654	3,024			52,785	3,276					101,439	6,300
Bureau of the Fiscal Service	113,076	21,418			250,774	206,483					363,850	227,901
Tax Administration	0	0	0	0	12,931,071	125,275	0	0	0	0	12,931,071	125,275
IRS Taxpayer Services					2,408,803	34,600					2,408,803	34,600
IRS Enforcement					5,399,832	37,675					5,399,832	37,675
IRS Operations Support					4,743,258	53,000					4,743,258	53,000
Business Systems Modernization					379,178						379,178	0
Total, Treasury Appropriations Committee	**503,934**	**42,007**	**85,621**	**24,399**	**13,462,316**	**354,544**	**248,675**	**69,782**	**28,205**	**7,717**	**14,328,751**	**498,450**
Treasury International Programs			2,901,846								2,901,846	0
Total, Appropriated Level	**503,934**	**42,007**	**2,987,467**	**24,399**	**13,462,316**	**354,544**	**248,675**	**69,782**	**28,205**	**7,717**	**17,230,597**	**498,450**
Non-Appropriated Bureaus	**176,191**	**5,678,045**	**0**	**0**	**0**	**0**	**0**	**21,137**	**0**	**0**	**176,191**	**5,699,182**
Office of Financial Stability (Administrative Account)	155,066										155,066	0
Small Business Lending Fund Program (Administrative)	15,039										15,039	0
State Small Business Credit Initiative (Administrative)	6,086										6,086	0
Financial Stability Oversight Council		19,316									0	19,316
Office of Financial Research		108,105									0	108,105
Bureau of Engraving and Printing		863,940									0	863,940
United States Mint		3,595,307									0	3,595,307
Office of the Comptroller of the Currency		1,091,377						21,137			0	1,112,514
Subtotal, Direct $	**680,125**		**2,987,467**		**13,462,316**		**248,675**		**28,205**		**17,406,788**	
Subtotal, Reimbursable $		**5,720,052**		**24,399**		**354,544**		**90,919**		**7,717**		**6,197,632**
Total, Treasury Level	**6,400,178**		**3,011,867**		**13,816,860**		**339,594**		**35,922**		**23,604,420**	

1/ Total does not include the proposed $875 million Forfeiture Fund permanent cancellation.

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

(Dollars in Thousands)

	2014 Actual			2015 Enacted			2016 President's Budget		
Appropriation	Direct	Reimb.	Total	Direct	Reimb.	Total	Direct	Reimb.	Total
Departmental Offices Salaries and Expenses	1,154	157	1,311	781	184	965	1,312	163	1,475
Terrorism and Financial Intelligence	0	0	0	377	39	416	0	0	0
Office of Inspector General	13	166	179	194	19	213	194	19	213
Treasury Inspector General for Tax Administration	740	2	742	835	2	837	859	2	861
Special Inspector General for TARP	165	0	165	192	0	192	192	0	192
Community Development Financial Institutions Fund	76	0	76	79	0	79	87	0	87
Financial Crimes Enforcement Network	279	0	279	345	1	346	343	1	344
Alcohol and Tobacco Tax and Trade Bureau	460	10	470	473	10	483	509	10	519
Bureau of the Fiscal Service	1,676	714	2,390	1,636	714	2,350	1,586	701	2,287
Internal Revenue Service	84,142	619	84,761	81,473	730	82,203	90,718	768	91,486
Subtotal, Treasury Appropriated Level	**88,705**	**1,668**	**90,373**	**86,385**	**1,699**	**88,084**	**95,800**	**1,664**	**97,464**
Office of Financial Stability (Administrative Account)	99	22	121	87	20	107	75	19	94
Small Business Lending Fund Program	15	0	15	19	0	19	19	0	19
State Small Business Credit Initiative	10	0	10	11	0	11	9	0	9
Office of Financial Research	189	0	189	257	0	257	301	0	301
Working Capital Fund	0	5	5	0	0	0	0	0	0
Treasury Franchise Fund	0	1,460	1,460	0	1,643	1,643	0	1,786	1,786
Bureau of Engraving and Printing	0	1,844	1,844	0	1,944	1,944	0	1,924	1,924
United States Mint	0	1,661	1,661	0	1,874	1,874	0	1,774	1,774
Office of the Comptroller of the Currency	0	3,891	3,891	0	3,959	3,959	0	3,959	3,959
Pay for Success	0	0	0	0	0	0	14	0	14
Terrorism Insurance Program	6	0	6	10	0	10	10	0	10
Total	**89,024**	**10,551**	**99,575**	**86,769**	**11,139**	**97,908**	**96,228**	**11,126**	**107,354**

1/ In a few cases, FTE numbers have been updated since data entry was completed in the OMB database. The numbers presented in this table are the most current estimates.

2/ A portion of Fiscal Service's Reimbursable/Fee FTE is funded by fee revenue as authorized by the Debt Collection Improvement Act (DCIA) of 1996.

3/ IRS FY 2014-2016 Direct FTE include 3 FTE funded from the Federal Highway Transportation Authority Account; IRS FY 2014 Direct FTE Actuals include 6 positions funded through a transfer from the CMS HIRIF account for the Affordable Care Act. IRS FY 2016 Direct FTE includes 858 FTE funded from User Fees.

Summary of FY 2016 Increases and Decreases

(Dollars in Thousands)

	DO	DSCIP	OIG	TIGTA	SIGTARP	CDFI	FinCEN	TTB	Fiscal Service	IRS	Total	Offsetting Fees/ Cancellations/ Rescissions	Total, Treasury Appropriations Committee
FY 2015 Enacted	**$322,500**	**$2,725**	**$35,351**	**$158,210**	**$34,234**	**$230,500**	**$112,000**	**$100,000**	**$348,184**	**$10,945,000**	**$12,288,704**	**($869,000)**	**$11,419,704**
Adjustment to Request	($13,522)	$0	($484)	$0	$0	$0	$0	$0	$0	$0	($14,006)	$0	($14,006)
Maintaining Current Levels (MCLs)	$5,251	$0	$549	$2,557	$772	$437	$1,896	$1,687	$5,888	$200,677	$219,714	$0	$219,714
Non-Recurring Costs	($3,255)	($2,725)	$0	$0	$0	($523)	$0	$0	$0	$0	($6,503)	$0	($6,503)
Efficiency Savings	($395)	$0	$0	($84)	$0	($84)	($726)	($248)	($8,480)	($18,431)	($28,448)	$0	($28,448)
Other Adjustments	$0	$0	$0	$0	$5,665	$0	$0	$0	$0	$0	$5,665	$0	$5,665
Adjustments to Base	**($11,921)**	**($2,725)**	**$65**	**$2,473**	**$6,437**	**($170)**	**$1,170**	**$1,439**	**($2,592)**	**$182,246**	**$176,422**	**$0**	**$176,422**
FY 2016 Base	**$310,579**	**$0**	**$35,416**	**$160,683**	**$40,671**	**$230,330**	**$113,170**	**$101,439**	**$345,592**	**$11,127,246**	**$12,465,126**	**($869,000)**	**$11,596,126**
Program Decreases	$0	$0	$0	$0	$0	($18,000)	($191)	($1,000)	($1,530)	$0	($20,721)	$0	($20,721)
Program Reinvestments	$700	$0	$0	$0	$0	$0	$0	$0	$0	$16,025	$16,725	$0	$16,725
Program Increases	$20,558	$10,690	$0	$6,592	$0	$21,193	$0	$1,000	$19,788	$1,120,503	$1,200,324	$0	$1,200,324
Program Integrity Cap Adjustment	$0	$0	$0	$0	$0	$0	$0	$0	$0	$667,297	$667,297	$0	$667,297
Subtotal, Program Changes	**$21,258**	**$10,690**	**$0**	**$6,592**	**$0**	**$3,193**	**($191)**	**$0**	**$18,258**	**$1,803,825**	**$1,863,625**	**$0**	**$1,863,625**
Change to Offsetting Fees/Cancellations/Rescissions	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	($6,000)	($6,000)
FY 2016 President's Budget	**$331,837**	**$10,690**	**$35,416**	**$167,275**	**$40,671**	**$233,523**	**$112,979**	**$101,439**	**$363,850**	**$12,931,071**	**$14,328,751**	**($875,000)**	**$13,453,751**

1/ Total resources for FY 2016 includes a $875 million Forfeiture Fund cancellation.

2/ Total Efficiency Savings for Treasury is $28.456 million. BEP and Mint savings of $7.757 million are not reflected in the chart above.

Departmental Offices

Program Summary by Budget Activity

Dollars in thousands

Budget Activity	FY 2014 Enacted	FY 2015 Enacted	FY 2016 Request 2/	FY 2015 TO FY 2016 $ Change	FY 2015 TO FY 2016 % Change
DO S&E					
Executive Direction	$36,738	$36,002	$37,899	$1,897	5.27%
International Affairs and Economic Policy	$56,113	$56,266	$58,706	$2,440	4.34%
Domestic Finance and Tax Policy	$80,956	$78,589	$75,948	($2,641)	-3.36%
Treasury-wide Management and Programs	$36,593	$39,143	$49,675	$10,532	26.91%
Terrorism and Financial Intelligence	$102,000	$0	$109,609	$109,609	NA
TFI					
Terrorism and Financial Intelligence 1/	$0	$112,500	$0	($112,500)	-100.00%
Subtotal, Departmental Offices - S & E	**$312,400**	**$322,500**	**$331,837**	**$9,337**	**2.90%**
DO S&E – Reimbursables 1/	$69,502	$130,032	$121,474	($8,558)	-6.58%
TFI Reimbursables	$0	$18,442	$0	($18,442)	-100.00%
Total Program Operating Level 3/	**$381,902**	**$470,974**	**$453,311**	**($17,663)**	**-3.75%**
DO S&E - Direct FTE	1,171	781	1,312	531	67.99%
TFI - Direct FTE	0	377	0	(377)	-100.00%
DO S&E - Reimbursable FTE	132	184	163	(21)	-11.41%
TFI - Reimbursable FTE	0	39	0	(39)	-100.00%
Total FTE	**1,303**	**1,381**	**1,475**	**94**	**6.81%**

1/ In FY 2015, the Office of Terrorism and Financial Intelligence (TFI) was funded through a separate appropriation of $112.5 million, which includes $27 million for administrative support. To support the financing of TFI's administrative program, the Departmental Offices Salaries & Expenses (S&E) Reimbursable program of $130.032 million was increased by $27 million.
2/ The FY 2016 Budget includes TFI activities in the DO S&E appropriation, where it has been each year except FY 2015.
3/ The Budget also proposes to transfer $7 million from the Gulf Coast Restoration Trust Fund for DO's administration and oversight responsibilities for this program. This funding is not included above.

Summary

Departmental Offices (DO) is the headquarters bureau for the Department of the Treasury. It provides leadership in economic and financial policy, financial intelligence and enforcement, and general management. Treasury utilizes effective management, policies, and leadership to protect our national security through targeted financial actions, to promote the stability of the nation's financial markets, and to ensure the Government's ability to collect revenue and fund its operations.

The Department's strategic plan for FY 2014-2017 guides program and budget decisions for DO. The FY 2016 Budget request supports DO's leading role in accomplishing the following Treasury strategic goals:

- Promote domestic economic growth and stability while continuing reforms of the financial system;
- Enhance U.S. competitiveness and job creation, and promote international financial stability and more balanced global growth;
- Fairly and effectively reform and modernize Federal financial management, accounting, and tax systems;
- Safeguard the financial system and use financial measures to counter national security threats; and

- Create a 21st-Century approach to government by improving efficiency, effectiveness and customer interaction.

Total resources requested to support DO activities for FY 2016 are $453,311,000 including $331,837,000 from direct appropriations and $121,474,000 from offsetting collections and reimbursable programs.

DO FY 2016 Budget Highlights

Dollars in Thousands

Departmental Offices - S & E	FTE	Amount
FY 2015 Enacted	**1,158**	**$322,500**
DO S&E	**781**	**$210,000**
TFI	**377**	**$112,500**
Changes to Base:		
Adjustment to Request	(14)	($13,522)
Fund RESTORE Act Administrative Expenses from Trust Fund	(14)	($9,500)
Sanctions-related workload, TFI contract support, and secure space requirements	-	($4,022)
Maintaining Current Levels (MCLs):	-	$5,251
FERS Contribution Increase	-	$670
Pay-Raise	-	$1,868
Pay Annualization	-	$478
Non-Pay	-	$2,235
Non-Recurring Costs:	-	($3,255)
ARRA 1603/NREL Contract	-	($800)
Government Security Operations Center	-	($2,200)
DO Local Area Network Enhancements	-	($255)
Efficiency Savings:	(2)	($395)
TFI FOIA Contract Consolidation	-	($221)
Management Savings	(2)	($174)
Other Adjustments	103	-
Technical FTE Adjustment	103	-
Subtotal Changes to Base	87	($11,921)
Total FY 2016 Base	**1,245**	**$310,579**
Program Changes:		
Reinvestments:	4	$700
International Affairs G20 Financial Stability Board Staff	4	$700
Program Increases:	63	$20,558
Digital Service Team	41	$10,000
Financial Innovation Lab	1	$2,000
International Financial Regulatory Reform	2	$400
Multiemployer Pension Reform	6	$3,000
Office of the General Counsel Staffing	4	$955
Office of Tax Policy Staffing	7	$2,409
Embassy Security Improvements	-	$744
DO Cybersecurity Enhancements	2	$1,050
Total FY 2016 Request	**1,312**	**$331,837**

FY 2016 Budget Adjustments

Adjustments to Request

Fund RESTORE Act Administrative Expenses from Trust Fund -$9,500,000 / -14 FTE

Treasury proposes legislative language in FY 2016 to allow Treasury to draw $7,000,000 from the Gulf Coast Restoration Trust Fund for management of the fund, including administering the civil and administrative penalties arising from the Deep Water Horizon oil spill, supporting environmental and economic restoration of the Gulf Coast region, and standing up grants, compliance, and audit programs.

Sanctions-related workload, TFI contract support, and secure space requirements -$4,022,000 / +0 FTE

Non-recur one-time costs associated with the increase provided in the FY 2015 Consolidated Appropriations Act. Reductions of $3,332,000 will be achieved by non-recurring one-time sanctions-related contracts in various Terrorism and Financial Intelligence (TFI) offices: Office of the Under Secretary; Office of Terrorist Financing and Financial Crimes; and the Office of Foreign Assets Control. TFI will also non-recur $190,000 in contract services that support personnel security. Funding for TFI secure space requirements will be reduced by $500,000 to return to the program's base funding level.

Maintaining Current Levels (MCLs)

FERS Contribution Increase +$670,000 / +0 FTE

Funds are requested for increases in agency contributions to the Federal Employee Retirement System based on updated actuarial estimates.

Pay-Raise +$1,868,000 / +0 FTE

Funds are requested for the proposed January 2016 pay-raise.

Pay Annualization +$478,000 / +0 FTE
Funds are requested for annualization of the January 2015 pay-raise.

Non-Pay +$2,235,000 / +0 FTE
Funds are requested for inflation adjustments in non-labor expenses such as GSA rent adjustments, postage, supplies, and equipment.

Non-Recurring Costs
ARRA 1603/NREL Contract -$800,000 / +0 FTE
The Department of the Treasury received funds as authorized by the American Recovery and Reinvestment Act (ARRA) (P.L. 111–5), commonly referred to as the Stimulus or The Recovery Act, for an interagency agreement between the National Renewable Energy Research Lab (NREL) and Treasury to review applications for the Cash Payments for Specified Energy Property in Lieu of Tax Credits (1603 program). The contract that supports the 1603 program is winding down in FY 2016.

Government Security Operations Center -$2,200,000 / +0 FTE
Non-recur $2,200,000 of the FY 2015 appropriation of $3,500,000 for the Government Security Operations Center.

DO Local Area Network Enhancements -$255,000 / +0 FTE
Non-recur $255,000 of the FY 2015 appropriation of $2,600,000 for DO Local Area Network Enhancements.

Efficiency Savings
TFI FOIA Contract Consolidation -$221,000 / +0 FTE
The Under Secretary's office proposes efficiency savings of $221,000 through the elimination of a contract that supports the processing of Freedom of Information Act requests.

Management Savings -$174,000 / -2 FTE
Management proposes efficiency savings of $174,000 by re-organizing the DO mailroom and reducing equipment purchases.

Other Adjustments
Technical FTE Adjustment +$0 / +103 FTE
In order to estimate the FTE levels for the FY 2016 Budget, DO reviewed prior year FTE usage relative to previously projected FTE levels. The FY 2016 Budget reflects a +43 FTE technical adjustment based on actual execution. In addition, 60 reimbursable FTE, supporting the TFI in FY 2015 will be converted to direct FTEs in FY 2016—their mission remains the same, full administrative support of the TFI program.

Reinvestments
International Affairs G20 Financial Stability Board Staff +$700,000 / +4 FTE
The Office of International Affairs will reinvest funds within its base budget to better support Treasury's roles: coordinating international financial regulatory reform; chairing the Committee on Foreign Investment in the United States; and analyzing the potential economic and financial impacts of proposed sanctions.

Program Increases
Digital Service Team +$10,000,000 / +41 FTE
The FY 2016 Budget requests resources to develop a Digital Service Team to transform Treasury's digital services. Treasury will prioritize services with the greatest impact to citizens and businesses so they are more cost-effective to build and maintain as well as easier to use. The digital service experts on the team will bring the private sector's best practices in the disciplines of design, software engineering, and product management to bear on the agency's most important services. The positions will be term-limited to encourage a continuous influx of up-to-date design and

technology skills into Treasury. The digital service experts will be recruited from America's leading technology enterprises and startups and will join with Treasury's top technical and policy leaders to deliver meaningful and lasting improvements to the services the agency provides to citizens and businesses.

Financial Innovation Lab +$2,000,000 / +1 FTE

The request of $2,000,000 will fund a Treasury Financial Innovation Lab to identify, develop, and pilot promising strategies to support national priorities in financial services. The Treasury Lab is modeled on the Idea Lab at the Department of Health and Human Services (HHS), which has successfully brought forward and incubated new ideas from agency staff and external innovators. To start, projects may include strategic topics, such as data-driven approaches to help consumers access safe and affordable mortgages, refinancing, and foreclosure prevention programs; technology-based solutions to streamline annual recertification for student loan repayment plans; and the development of a planning blueprint and toolkits for using Pay for Success financing at the Federal level. The Lab will cultivate and tap the considerable existing staff expertise throughout the Department in this work by providing time, resources, and methodological training to develop new tools and approaches. Similarly, it will collaborate with a broad range of stakeholders, including federal, state and local agencies and private sector partners, to catalyze action and achieve shared goals. Finally, the Lab will bring external talent with new skills and ideas into the organization on a temporary basis to solve high-priority, complex problems.

International Financial Regulatory Reform +$400,000 / +2 FTE

The Office of International Affairs (IA) requests two additional international capital markets experts to manage derivatives and other capital market issues to help ensure U.S. firms are not at a competitive disadvantage when providing financial services or accessing financial markets. Without this additional staffing, constraints on resources will impinge on IA's capacity to protect and promote U.S. interests at international financial regulatory forums.

Multiemployer Pension Reform +$3,000,000 / +6 FTE

Departmental Offices requests $3,000,000 to support six positions, contractual support, travel, and other administrative expenses for Treasury's Multiemployer Pension Reform Act (MPRA) responsibilities. The MPRA represents the first time plan trustees have been permitted to make substantial cuts to vested benefits (including retirees in pay status) under the Employee Retirement Income Security Act of 1974. Under the MPRA, Treasury's largest responsibility relates to the "suspension of benefits," the temporary or permanent reduction of any current or future payment obligation of a multiemployer plan in critical and declining status to any participant or beneficiary under the plan. In order to suspend benefits, the sponsor of a plan must submit an application to the Secretary of the Treasury seeking approval of the proposed suspension of benefits. Treasury, in consultation with the Pension Benefit Guaranty Corporation and the Department of the Labor, must: (1) approve the application upon finding that the plan is eligible for suspension and has satisfied certain criteria; (2) publish a notice in the Federal Register within 30 days after receipt of the application soliciting comments on the application, which must be posted on Treasury's website; (3) approve or deny the application for the suspension of benefits within 225 days after its submission; and (4) administer a vote of plan participants and beneficiaries within 30 days after approving an application.

Office of the General Counsel Staffing +$955,000 / +4 FTE

The Office of the General Counsel requires four additional attorneys to handle significant increased workload in two areas. This workload demand is expected to continue and has significantly strained existing resources, requiring the diversion of staff from other important work.

International - One additional attorney is needed to meet critical needs in supporting the Department's international affairs function as demand continues to increase. Specifically, IA's Committee on Foreign Investment in the United States case load has increased significantly in number as well as in complexity of financial transactions and related legal issues. In 2009, the office handled 70 cases, in 2012, it had 119, and the office now is at an annualized rate of 148 cases a year. As the economy improves, this rate will increase.

Oversight and litigation - Three additional attorneys are required to meet the significant increase in litigation and oversight matters. These matters necessitate substantial coordination with the Department of Justice to represent the interests of the United States in lawsuits pending in all levels of federal courts, and with Congressional Committees, Inspectors General, and the US Government Accountability Office to respond to a wide variety of inquiries concerning departmental programs and activities. Additional resources will facilitate the collection, review, and production of documents; drafting and review of pleadings, motions, and memoranda of law; witness preparation; and monitoring of reports and pretrial and trial proceedings.

Office of Tax Policy Staffing +$2,409,000 / +7 FTE

Rationalization of the Tax Code - The Office of Tax Policy requests $1,221,000 and three additional staff to meet the Department's ongoing needs for analyses of tax proposals, including fundamental reform of the tax system. The exponential growth, availability, and variety of data from multiple sources have rapidly changed expectations regarding the Office of Tax Policy's analytical capabilities. To continue meeting the analytical requests of the Secretary and the Administration, the Office of Tax Policy must upgrade the existing computing platform. The current platform is at risk due to lack of commercially available resources, so the office must migrate to more current operating systems commonly used for high-compute analytic services. Additional staff are required to properly construct, maintain, and access complex, large databases, which require regular maintenance and adjustment to remain accessible. This work requires a detailed knowledge of relational database design and system programming, as well as practical experience in tuning a large database along with a deep understanding of public economics and taxation.

International Tax Workload – The Office of Tax Policy requests $1,188,000 and four additional staff to address the office's increased international tax workload. The portfolio of the international tax issues handled by the Office of Tax Policy has expanded significantly over the last ten years due to globalization and the increased prominence of international tax issues. Since 2010, this expansion has been significant due to enactment of the Foreign Account Tax Compliance Act in 2010, as well as increased efforts by the G-20, Organization for Economic Cooperation and Development, and United Nations to set international tax standards and focus on business tax reform. U.S. interests must be represented at the OECD as the organization increases its focus on international tax. As the lead country in shaping the Base Erosion and Profit Shifting initiative for the OECD, the U.S. is pushing for reforming international standards to prevent foreign countries from inappropriately taxing the profits of U.S. companies. Failure to participate would be detrimental to U.S. business interests. In addition, U.S. tax reform discussions increasingly focus on reforming U.S. international tax rules, and the Office of Tax Policy staff must provide increasing expertise in support of the Administration's efforts. Without additional staff, the office could not appropriately support reform.

Embassy Security Improvements +$744,000 / +0 FTE

As a result of recent steps taken by the State Department to bolster the Capital Security Cost Sharing (CSCS) program, the estimated cost to Treasury is expected to increase from $1,201,000 in FY 2015 to $1,944,000 in FY 2016. To avoid reducing the Department's international footprint, DO is requesting $744,000 to fully fund the projected FY 2016 CSCS invoice.

DO Cybersecurity Enhancements +$1,050,000 / +2 FTE

Security Enhancements for Classified Networks - Two additional positions and $550,000 are requested to build out DO's nascent Continuous Diagnostics and Monitoring program, including security controls testing, monitoring of system security to include detection of and response to unauthorized user or anomalous network activity, as well as the secure implementation of identity and credential access management on DO's collateral classified network. The network serves a significant purpose for its users and the mission of DO. Besides classified data transmission, it also provides an alternative, more secure environment for processing highly sensitive information, since the network is isolated from the Internet. Funding also provides incident response capabilities consisting of forensics equipment as well as penetration testing software. These improvements will increase DO's ability to continuously monitor the network and detect and remediate security vulnerabilities, thereby reducing the risk of security incidents. Additionally, the project will help find the source and location of security incidents and respond more timely when security events arise.

DO Wireless Intrusion Prevention System Expansion - An additional $500,000 is required to continue to roll out wireless intrusion prevention in DO buildings and areas that are currently unmonitored. Over half of the DO buildings (often leased floors in commercial office space) are unmonitored. The additional areas are relatively small compared to the Main Treasury complex, but any one area poses a potential unauthorized vulnerability to the network if not appropriately secured and monitored, as required by federal and Department requirements. These unmonitored areas often neighbor buildings and adjacent office space with public Wi-Fi networks and significant wireless activity. The monitoring software will reduce Treasury's exposure to these risks.

Explanation of Budget Activities

Executive Direction ($37,899,000 from direct appropriations, $13,292,000 from reimbursable resources)

Provides direction and policy guidance to the Department, and interacts with Congress and the public on departmental policy matters.

International Affairs and Economic Policy ($58,706,000 from direct appropriations, $4,148,000 from reimbursable resources)

Monitors domestic and international economic conditions and collects and analyzes financial data.

Domestic Finance and Tax Policy ($75,948,000 from direct appropriations, $22,114,000 from reimbursable resources)
Monitors and provides economic and financial policy expertise in the areas of domestic finance and tax policy.

Terrorism and Financial Intelligence ($109,609,000 from direct appropriations, $56,626,000 from reimbursable resources)
Develops and implements strategies to counter terrorist financing and money laundering.

Treasury-wide Management and Programs ($49,675,000 from direct appropriations, $25,294,000 from reimbursable resources)
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.

Legislative Proposals

Departmental Offices has no legislative proposals.

Mandatory Proposals

As in FY 2015, Treasury proposes legislative language in FY 2016 to allow Treasury to draw $7,000,000 from the Gulf Coast Restoration Trust Fund for management of the fund, including administering the civil and administrative penalties arising from the *Deep Water Horizon* oil spill, supporting environmental and economic restoration of the Gulf Coast region, and standing up grants, compliance, and audit programs.

DO Performance by Budget Activity

Budget Activity	Performance Measure	FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Target	FY 2016 Target
International Affairs and Economic Policy	Monitor Quality and Enhance Effectiveness of International Monetary Fund (IMF) Lending Through Review of IMF Country Programs	100	100	100	100	100
Domestic Finance and Tax Policy	Variance Between Estimated and Actual Receipts (Annual Forecast)(%)	3.8	2.5	N/A	4.25	N/A*
Terrorism and Financial Intelligence	Impact of TFI Programs and Activities	8.1	8.3	8.5	8.5	8.5

Key: DISC - Discontinued and B – Baseline

*The performance metric for FY 2016 will be based upon the median error of preceding years, including FY 2015, and will be calculated after the MTS for September 2015 is released.

Description of Performance

The following performance measures provide a snapshot of the FY 2015 DO performance plan:

Monitor Quality and Enhance Effectiveness of International Monetary Fund (IMF) Lending through Review of IMF Country Programs: This measure tracks efforts by IA staff to monitor the quality of IMF country programs and ensure the application of appropriately high standards for the use of IMF resources. The target (100 percent) was met in FY 2014. In FY 2015 and FY 2016, IA's target for this measure remains 100 percent.

Variance between estimated and actual receipts (annual forecast) (percent): As part of managing the Government's central operating account and cash position, the Office of Fiscal Projections (OFP) forecasts net cash flows (e.g., Federal receipts, outlays, and other miscellaneous flows) to ensure that adequate funds are available daily to cover federal payments. To determine its overall effectiveness, one of OFP's metrics is to measure the variance between actual and projected Federal receipts. The actual variance for FY 2014 through July 2014 was 3.8 percent, significantly lower than the 4.25 percent target for FY 2014. The actual variance for all of FY 2013 was 2.5 percent. The target for FY 2015 is 4.25 percent.

Impact of TFI Programs and Activities: In order to gauge its performance, TFI created a composite measure consisting of three program office focus areas related to its mission and strategic goals, including customer outreach, increasing budget production and dissemination of intelligence products, and implementing IT modernization projects. In FY 2014, TFI met its performance goal of 8.5 and expects to achieve its FY 2015 and FY 2016 target of 8.5.

Department-wide Systems and Capital Investments Program

Program Summary by Budget Activity

Dollars in Thousands

Budget Activity	FY 2014 Enacted	FY 2015 Enacted	FY 2016 Request	FY 2015 TO FY 2016 $ Change	FY 2015 TO FY 2016 % Change
Department-wide Systems and Capital Investments Program	$2,725	$2,725	$10,690	$7,965	292.29%
Subtotal, Department-wide Systems and Capital Investments Program	**$2,725**	**$2,725**	**$10,690**	**$7,965**	**292.29%**
Total Program Operating Level	**$2,725**	**$2,725**	**$10,690**	**$7,965**	**292.29%**
Direct FTE	0	0	0	0	NA
Reimbursable FTE	0	0	0	0	NA
Total FTE	**0**	**0**	**0**	**0**	**NA**

Summary

The Department-wide Systems and Capital Investments Program (DSCIP) is authorized to be used by or on behalf of the Treasury Department's bureaus, at the Secretary's discretion, to improve infrastructure, modernize business processes, and increase efficiency through technology investments.

DSCIP FY 2016 Budget Highlights

Dollars in Thousands

Department-wide Systems and Capital Investments Program	FTE	Amount
FY 2015 Enacted	**-**	**$2,725**
Changes to Base:		
Non-Recurring Costs:	-	($2,725)
Zero-Base Budget	-	($2,725)
Subtotal Changes to Base	-	($2,725)
Total FY 2016 Base	**-**	**-**
Program Changes:		
Program Increases:	-	$10,690
Shared IT Infrastructure Environment	-	$10,040
Main Treasury South Plaza Restoration	-	$650
Total FY 2016 Request	**-**	**$10,690**

FY 2016 Budget Adjustments

Adjustments to Request

Non-Recurring Costs

Zero-Base Budget -$2,725,000 / +0 FTE

DSCIP appropriations are one-time funding and do not recur.

Program Increases

Shared IT Infrastructure Environment +$10,040,000 / +0 FTE

Treasury requests funds to build and house a shared enterprise IT infrastructure environment. This environment would be housed in existing Treasury facilities and allow for analysis of large volumes of aggregate financial and management data in support of various mission-critical Treasury functions, including those for TFI and government-wide shared services provided by Treasury's IT services. Current environments would require investment to improve availability through increased useof computing resources, security infrastructure to ensure shared environments can safely share data with mission specific environments, and identity management controls to monitor access by employees at different agencies. With this foundation, Treasury would be much more effectively positioned to expand current data management programs to meet the increasing demand from multiple customers for "big data" type analysis as well as host DO and Treasury's government-wide shared services.

Main Treasury South Plaza Restoration +$650,000 / +0 FTE

This request will fund repairs to the South Plaza to correct deterioration to the paver stones and underlying setting bed that is causing an unstable walking surface that is a hazard to employees and could cause serious injury.

Explanation of Budget Activities

Department-wide Systems and Capital Investments Program ($10,690,000 from direct appropriations)

The purpose of DSCIP funds is to modernize business processes and increase efficiencies within Treasury and across the government through capital investment.

Legislative Proposals

DSCIP has no legislative proposals.

Office of Inspector General

Program Summary by Budget Activity

Dollars in Thousands

Budget Activity	FY 2014 Enacted	FY 2015 Enacted	FY 2016 Request	FY 2015 TO FY 2016 $ Change	FY 2015 TO FY 2016 % Change
Audit	$27,050	$28,275	$28,304	$29	0.10%
Investigations	$7,750	$7,076	$7,112	$36	0.51%
Subtotal, Office of Inspector General	**$34,800**	**$35,351**	**$35,416**	**$65**	**0.18%**
Offsetting Collections - Reimbursables	$12,000	$13,000	$13,000	$0	0.00%
Total Program Operating Level	**$46,800**	**$48,351**	**$48,416**	**$65**	**0.13%**
Direct FTE	194	194	194	0	0.00%
Reimbursable FTE	19	19	19	0	0.00%
Total FTE	**213**	**213**	**213**	**0**	**0.00%**

Summary

The Inspector General Act of 1978 gives the Treasury Office of Inspector General (OIG) the authority and responsibility to (1) audit and investigate the Department of the Treasury's programs and operations; (2) promote economy and efficiency and to detect and prevent fraud and waste in those programs and operations; and (3) keep the Secretary and Congress aware of problems and solutions.

The OIG provides independent oversight of Treasury and all of its bureaus except the Internal Revenue Service (IRS) and the Troubled Asset Relief Program (TARP). The OIG has five components, including three mission offices – the Office of Audit, the Office of Investigations, and the Office of Small Business Lending Fund (SBLF) Program Oversight (separately funded through 2017). In support of Treasury's strategic goals, the OIG established the following strategic goals: (1) promote the integrity and effectiveness of Treasury programs and operations through audits and investigations; (2) proactively support and strengthen the Department's ability to identify and manage challenges, both today and in the future; (3) fully and currently inform stakeholders of Treasury OIG findings, recommendations, investigative results, and priorities related to Treasury programs and operations; and (4) enhance, support, and sustain a workforce and strengthen internal operations to achieve the Treasury OIG mission, vision and strategic goals.

The FY 2016 request for the OIG will be used to fund critical audit, investigative, and mission support activities to meet the requirements of the Inspector General Act, and a number of other statutes including, but not limited to the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank), Federal Information Security Management Act (FISMA), Government Management Reform Act (GMRA), Improper Payments Elimination and Recovery Act (IPERA), Digital Accountability and Transparency Act of 2014 (DATA Act), Federal Deposit Insurance Act (FDIA), Small Business Jobs Act of 2010, and Resources and Ecosystems Sustainability, Tourist Opportunities, and Revived Economies of the Gulf Coast States Act of 2012 (RESTORE Act). Specific mandates include audits of the Department's financial statements, the Department's implementation of FISMA, and failed insured depositary institutions regulated by Treasury.

With the resources available after mandated requirements are met, the OIG will conduct audits of the Department's highest risk programs and operations, and respond to stakeholder requests for specific work as appropriate. Some of the Department's highest risk programs and operations include: (1) continued implementation of Dodd-Frank; (2)management of Treasury's authorities intended to support and improve the economy; (3) anti-money laundering and terrorist financing/Bank Secrecy Act Enforcement; and (4) Gulf Coast Restoration Trust Fund Administration.

Programs That Support the Continued Implementation of Dodd-Frank - The Act established the Council of Inspectors General on Financial Oversight (CIGFO) and designated the Treasury Inspector General as Chair. The Council has statutory requirements to provide oversight of the Financial Stability Oversight Council (FSOC), which is chaired by the Treasury Secretary. CIGFO comprised of the Inspectors General of the eight federal financial regulators and the Special Inspector General for TARP, meets quarterly to share information on financial oversight, provides annual reports to FSOC and the Congress with the individual and collective perspectives of the inspectors general on ways to improve financial oversight, and evaluates FSOC activities through working groups. During FY 2016, CIGFO will continue to evaluate FSOC's activities. Apart from CIGFO, the OIG will provide oversight for four important Treasury offices established by Dodd-Frank – the Office of Financial Research, the Federal Insurance Office, and the Office of Minority and Women Inclusion within Departmental Offices and Office of the Comptroller of the Currency.

Management of Treasury's Authorities to Support and Improve the Economy - The Recovery Act provided Treasury with approximately $29 billion in non-IRS funding for low-income housing projects and specified energy properties for which the OIG must provide oversight. Funds for the Recovery Act are available for the specified energy properties program and will require continued oversight. The OIG will continue this work at Departmental Offices to determine whether the funds were spent as intended. The OIG will continue its oversight of projects funded under Treasury's payments in lieu of tax credit programs – to persons for specified energy properties and to states for low-income housing projects over an extended period of time (5 years from the placed in-service date of the specified energy property and 15 years beginning on January 1 of the year following the placed in-service date for the low-income housing project). In addition, the OIG anticipates an increase of related criminal investigations as Treasury continues to disburse these funds.

Another area that requires vigorous oversight by the OIG is Treasury's responsibilities under the Housing and Economic Recovery Act of 2008 (HERA). Under HERA, Treasury continued to support the financial solvency of the Federal National Mortgage Association (Fannie Mae) and the Federal Home Loan Mortgage Corporation (Freddie Mac) which is under the conservatorship of the Federal Housing Finance Agency. As of July 2014, Treasury invested $187 billion in the two entities to cover their losses and maintain a positive net worth. Although Fannie Mae and Freddie Mac did not require Treasury's support in recent years, the futures of both remain in question and prolonged assistance may be required. During FY 2016, audit oversight of the Preferred Stock Purchase Agreement Program, the program through which Treasury provides its financial support to Fannie Mae and Freddie Mac, will continue. The OIG's planned HERA oversight work in FY 2016 also includes the Housing Finance Agency (HFA) Initiative's New Issue Bond Program ($15.3 billion). This program includes participation of over 90 state and local HFAs.

Programs to Combat Money Laundering and Terrorist Financing/Bank Secrecy Act Enforcement - Ensuring criminals and terrorists do not use our financial networks to sustain their operations and/or launch attacks against the U.S. continues to be a challenge. Given the criticality of this challenge to the Department's mission, the OIG continues to consider anti-money laundering and combating terrorist financing as inherently high-risk, and an area that demands a major focus of its self-directed resources.

Gulf Coast Restoration Trust Fund Administration - In response to the Deepwater Horizon oil spill, Congress established within Treasury the Gulf Coast Restoration Trust Fund and requires Treasury to deposit in the Trust Fund 80 percent of administrative and civil penalties paid by responsible parties, which will be distributed for eligible activities affecting the Gulf Coast states (Alabama, Florida, Louisiana, Mississippi, and Texas). Treasury OIG is charged with providing oversight of all programs, processes, and activities of the Trust Fund.

Treasury OIG's investigative priorities for FY 2016 include:

- Complaints of alleged criminal and serious misconduct by Department employees and contract employees;
- Allegations of fraud and other crimes involving Treasury contracts, procurements, grants, guarantees (fictitious instruments), and federal funds;
- Complaints related to financial programs and operations involving issuing licenses, providing benefits and exercising oversight of U.S. financial institutions;
- Threats against Treasury employees and facilities; and
- Proactive efforts in detecting, investigating, and deterring electronic crimes and other threats to the Department's physical and cyber critical infrastructure.

In addition to audit and investigative responsibilities cited above, the OIG will continue to provide audit and investigative oversight over two additional Treasury programs—the Small Business Lending Fund (SBLF) and State Small Business Credit Initiative (SSBCI). The SBLF is a $30 billion fund that is used by Treasury to inject capital into small and medium banks with incentives to encourage them to increase their lending. The SSBCI provides Treasury with $1.5 billion to support state programs designed to increase access to credit for small businesses. To ensure proper oversight of the SBLF, in 2010 the OIG established the SBLF Program Oversight Office headed by a Special Deputy Inspector General with responsibility for all audit and investigative activities relating to the program and for recommending program improvements. Congress also directed the OIG to audit the use of SSBCI funds by participating states and required Treasury to recoup any misused funds identified by such audits. To comply with its mandates, the OIG will continue to assess Treasury's implementation of these two programs, continually monitor recipient compliance with program requirements and use of funds, and evaluate the impact of these programs on small business lending.

Total resources required to support the OIG's operations in FY 2016 are $48,416,000, consisting of (1) $35,416,000 from direct appropriations and (2) $13,000,000 from reimbursable funding agreements to support the financial statement audit requirements of the Department and for oversight of the SBLF and SSBCI programs.

OIG FY 2016 Budget Highlights

Dollars in Thousands

Office of Inspector General	FTE	Amount
FY 2015 Enacted	**194**	**$35,351**
Changes to Base:		
Maintaining Current Levels (MCLs):	-	$549
Pay-Raise	-	$283
Pay Annualization	-	$72
FERS Contribution Increase	-	$107
Non-Pay	-	$87
Efficiency Savings		($484)
Administrative Reduction		($484)
Subtotal Changes to Base	-	$65
Total FY 2016 Base	**194**	**$35,416**
Total FY 2016 Request	**194**	**$35,416**

FY 2016 Budget Adjustments

Adjustments to Request

Maintaining Current Level (MCLs)

Pay-Raise +$283,000 / +0 FTE

Funds are requested for the proposed January 2016 pay-raise.

Pay Annualization +$72,000 / +0 FTE

Funds are requested for annualization of the January 2015 pay-raise.

FERS Contribution Increase +$107,000 / +0 FTE

Funds are requested for increases in agency contributions to the Federal Employee Retirement System based on updated actuarial estimates.

Non-Pay +$87,000 / +0 FTE

Funds are requested for inflation adjustments in non-labor expenses such as GSA rent adjustments postage, supplies, and equipment.

Efficiency Savings

Administrative Reduction -$484,000 / +0 FTE

OIG will reduce its administrative expenses and achieve savings due to delays in on-boarding staffing.

Explanation of Budget Activities

Audit ($28,304,000 from direct appropriations, $13,000,000 from reimbursable resources)

The Office of Audit conducts audits aimed to ensure the accountability of resources, protect information, and provide recommendations for improving the economy, efficiency, effectiveness, and integrity of Treasury programs and operations under its jurisdiction. The requested funding for FY 2016 is necessary to perform mandated work and maintain an appropriate level of oversight of Treasury programs and operations consistent with its responsibilities under the Inspector General Act. The OIG also responds to requests by Treasury officials and the Congress for specific work. In FY 2016 the OIG must continue to provide oversight of Gulf Coast Restoration Trust Fund programs, projects and activities, as well as Treasury's roles and responsibilities under the DATA Act. Reimbursable funding supports agreements for contract audits of other Treasury bureaus, as well as oversight of the Small Business Lending Fund (SBLF) and the State Small Business Credit Initiative (SSBCI) programs. SBLF/SSBCI program oversight and expected performance is detailed in the SBLF/SSBCI Program Office budget submission.

Investigations ($7,112,000 from direct appropriations)

The Office of Investigations (OI) prevents, detects, and investigates complaints of fraud, waste, and abuse. This includes the detection and prevention or deterrence of employee misconduct and fraud, or related financial crimes within or directed against Treasury. OI refers its cases to the Department of Justice, state or local prosecutors for criminal prosecution or civil litigation, or to agency officials for corrective administrative action.

With the increased risk of the Recovery Act grant programs for low-income housing and specific energy properties, OI faces greater challenges and anticipated increases in grant fraud. In addition, with the establishment of the Gulf Coast Restoration Trust Fund, outreach efforts are being made in an effort to prepare for future investigative referrals and complaints aimed at suspected fraud involving these funds.

Additionally, OI remains committed to investigating benefit, payment and other monetary fraud associated with the programs and operations of the Treasury Department.

Legislative Proposals

OIG has no legislative proposals.

OIG Performance by Budget Activity

Budget Activity	Performance Measure	FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Target	FY 2016 Target
Audit	Number of Completed Audit Products	91	72	75	75	77
Audit	Percent of Statutory Audits Completed by the Required Date	100.0	100.0	100.0	100.0	100.0
Investigations	Percentage (%) of All Cases Closed During Fiscal Year that were Referred for Criminal/Civil Prosecution or Treasury Administrative Action	91.0	84.0	84.0	80.0	80.0

Key: DISC - Discontinued and B - Baseline

Description of Performance

The Office of Audits expects to complete 75 audit products in FY 2015 and 77 in FY 2016. In FY 2014 the Office of Audit completed 75 audit products, exceeding the planned target of 70. In FY 2014, the Office of Audit met its mandated audit requirements. Audit products include audit reports, evaluation reports, the Inspector General's Semi-Annual Report to the Congress, and the Inspector General's annual memorandum to the Secretary on the most significant management and performance challenges facing the Department. Audit products can also include responses to specific information requests by the Congress on a variety of subjects. By completing independent and timely assessments of Treasury's programs and operations under our jurisdiction, the OIG supports its mission of promoting efficiency, effectiveness, and integrity of Treasury programs and operations. The recommendations for improvement in Treasury programs and operations noted through OIG's assessments directly support the Treasury Department in achieving its strategic goals. It should be noted that a number of these assessments are mandated in law with specific reporting deadlines so that decision makers have timely information.

The OIG has a mature audit operation that can well estimate, based on historical performance, a highly accurate prediction of future performance. That said, OIG has, over time, demonstrated agility at redirecting resources as necessary to address new challenges and mandates of its stakeholders.

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

In FY 2014, the OIG exceeded the Investigative Performance Measure target, opened 81 new investigations, closed 92 investigations, and referred 48 investigations that substantiated administrative violations against a Treasury employee to the appropriate regulated bureau for action. In addition, the OIG referred 65 investigations for criminal prosecution. The OIG received investigative referrals regarding potential criminal misconduct that occurred prior to or during bank failures, and has worked criminal investigations with the Federal Deposit Insurance Corporation Office of Inspector General and the OIG Office of Audit regarding potential prosecution of acts which may have contributed to the bank failures.

The Investigative performance measure is the percentage of all cases closed by OI during the fiscal year that were referred for administrative action or for criminal or civil prosecution by Federal or local prosecutors. Meeting or exceeding this goal demonstrates that OI is responsive to allegations and complaints and does an excellent and thorough job in analyzing and evaluating incoming complaints, investigating complaints that warrant full investigation and achieving a measurable result by way of either an Administrative or Criminal referral for action against the subject of the investigation. The low percentage of investigations closed had no actionable findings. OI's excellent performance continues to assist the Department in maintaining the integrity of its programs and operations, subsequently ferreting out fraud, waste, and abuse. This goal was developed to achieve OIG's goal of positively impacting Treasury's strategic goals and providing a more meaningful measurement of investigative performance.

Special Inspector General for TARP

Program Summary by Budget Activity

Dollars in Thousands

Budget Activity	FY 2014 Enacted	FY 2015 Enacted	FY 2016 Request	FY 2015 TO FY 2016 $ Change	FY 2015 TO FY 2016 % Change
Audit	$12,220	$9,243	$8,870	($373)	-4.04%
Investigations	$22,703	$24,991	$31,801	$6,810	27.25%
Subtotal, Special Inspector General for TARP	**$34,923**	**$34,234**	**$40,671**	**$6,437**	**18.80%**
Unobligated balances from Prior Years	$6,683	$10,957	$6,495	($4,462)	-40.72%
Available PPIP Funds	$1,536	$965	$928	($37)	-3.83%
Total Program Operating Level	**$43,142**	**$46,156**	**$48,094**	**$1,938**	**4.20%**
Total FTE	**192**	**192**	**192**	**0**	**0**

Budget Activity	FY 2014 Enacted	FY 2015 Enacted	FY 2016 Request	FY 2015 TO FY 2016 $ Change	FY 2015 TO FY 2016 % Change
Audit	$15,296	$12,201	$10,266	($1,935)	-15.86%
Investigations	$27,846	$33,955	$37,828	$3,873	11.41%
Total SIGTARP by Budget Activity	**$43,142**	**$46,156**	**$48,094**	**$1,938**	**4.20%**
Total FTE	**192**	**192**	**192**	**0**	**0.00%**

Summary

The FY 2016 President's Budget request for the Special Inspector General for Troubled Asset Relief Program (SIGTARP) includes funding to support and complement Treasury's Strategic Goal 1: promote domestic economic growth and stability while continuing reforms of the financial system. In particular, through its oversight and investigations of TARP-related activities, SIGTARP supports Objective 1.1: promote savings and increased access to credit and affordable housing options, Objective 1.2: wind down emergency financial crisis response programs, and Objective 1.3: complete implementation of financial regulatory reform initiatives, continue monitoring capital markets, and address threats to stability.

Additionally, through open and transparent communication with Congress, SIGTARP supports Treasury's Strategic Goal 5: create a 21st-century approach to government by improving efficiency, effectiveness, and customer interaction. Through expedient responses to inquiries from Congress, SIGTARP supports Objective 5.4: create a culture of service through relentless pursuit of customer value.

SIGTARP promotes the efficiency and effectiveness of TARP management, through transparency, coordinated oversight, and robust enforcement against those persons and entities, whether inside or outside of government, who waste, steal or abuse TARP funds. SIGTARP has been responsible for many of the significant financial crisis cases, but these complex cases take time to investigate. Considering most complex financial fraud investigations can take several years to complete, SIGTARP's high arrest and conviction rates are particularly notable.

Of the four primary oversight bodies referenced in the Emergency Economic

Stabilization Act of 2008 ("EESA"), (i.e., SIGTARP, the Financial Stability Oversight Board, the Congressional Oversight Panel, and the Government Accountability Office), SIGTARP stands as the sole TARP oversight body responsible for criminal law enforcement. Also, SIGTARP is the only agency solely charged with the mission of:

- **Transparency** – Promote transparency in the government's response to the financial crisis including TARP programs;
- **Oversight** – Advise and provide recommendations to Treasury and the federal banking regulators to facilitate effective oversight and to prevent fraud, waste and abuse; and
- **Robust Enforcement** – Prevent, detect, investigate, and refer for prosecution cases of fraud, waste, and abuse related to TARP.

SIGTARP's FY 2016 budget request will provide resources to (1) detect, stop, and investigate crime related to TARP; (2) support prosecutions of those defendants SIGTARP investigates; (3) provide significant oversight and transparency over the financial institutions remaining in TARP; and (4) provide oversight and transparency over TARP-funded housing programs which are scheduled to last as late as 2023.

Under EESA, SIGTARP is mandated to carry out its duties until the government has sold or transferred all assets and terminated all obligations under TARP. In other words, SIGTARP's mission, which is independent of Treasury's mission related to TARP, is to remain "on watch" as long as TARP assets remain outstanding, which Treasury currently has scheduled until the year 2023.

SIGTARP FY 2016 Budget Highlights

Dollars in Thousands

Special Inspector General for TARP	FTE	Amount
FY 2015 Enacted	**192**	**$34,234**
Changes to Base:		
Maintaining Current Levels (MCLs):	-	$772
Pay-Raise	-	$306
Pay Annualization	-	$78
FERS Contribution Increase	-	$106
Non-Pay	-	$282
Other Adjustments	-	$5,665
Base Funding Shortfall	-	$5,665
Subtotal Changes to Base	-	$6,437
Total FY 2016 Base	**192**	**$40,671**
Total FY 2016 Request	**192**	**$40,671**

FY 2016 Budget Adjustments

Adjustments to Request

Maintaining Current Level (MCLs)

Pay-Raise +$306,000 / +0 FTE

Funds are requested for the proposed January 2016 pay-raise.

Maintaining Current Level (MCLs)

Pay Annualization +$78,000 / +0 FTE

Funds are requested for annualization of the January 2015 pay-raise.

FERS Contribution Increase +$106,000 / +0 FTE

Funds are requested for increases in agency contributions to the Federal Employee Retirement System based on updated actuarial estimates.

Non-Pay +$282,000 / +0 FTE

Funds are requested for inflation adjustments in non-labor expenses such as GSA rent adjustments postage, supplies, and equipment.

Base Funding Shortfall +$5,665,000 / +0 FTE

Funds are requested to meet basic operation requirements. In previous years, operating needs were met through a combination of appropriated dollars and no-year funds. SIGTARP anticipates its non-earmarked no-year account is expected to be exhausted in FY 2016, and its annual appropriation is insufficient to cover SIGTARP's base operations. A fully funded annual appropriation is critical to SIGTARP's continued success in fulfilling its mandate.

Explanation of Budget Activities

Audit ($8,870,000 from direct appropriations, $0 from reimbursable resources)

The Audit budget activity supports SIGTARP's priority of coordinated oversight by providing recommendations to Treasury to improve TARP programs, bring transparency to decisions made in TARP, and prevent fraud, waste, and abuse. SIGTARP conducts, supervises, and coordinates programmatic audits of TARP without sacrificing the rigor of required methodology. SIGTARP's audits facilitate transparency and opportunities to improve and protect TARP.

Investigations ($31,801,000 from direct appropriations)

The Investigations Division supports SIGTARP's priority of robust law enforcement of crimes and other violations of the law related to TARP.

SIGTARP conducts criminal and civil investigations related to TARP using a staff of experienced investigators, including special agents, forensic agents, investigators, analysts, and investigative attorneys. This structure provides SIGTARP with a broad array of expertise and perspective in detecting and unravelling the most sophisticated of crimes. In the interest of maximizing resources, SIGTARP coordinates closely with other law enforcement agencies. In forming law enforcement partnerships and task force relationships across federal and state governments, SIGTARP leverages its unique position and expertise.

Legislative Proposals

SIGTARP has no legislative proposals.

SIGTARP Performance by Budget Activity

Budget Activity	Performance Measure	FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Target	FY 2016 Target
Audit	Congressional Requests for Testimony Completed (Units)	4	5	4	3	DISC
Audit	Number of Completed Audit Products (Units)	13	10	10	8	7
Audit	Percentage of Congressional Inquiries Responded to within 45 Days of Receipt	N/A	N/A	N/A	N/A	85.0
Investigations	Percentage of Cases That are Joint Agency/Task Force Investigations	65.0	79.0	75.5	50.0	70.0
Investigations	Percentage of Hotline Complaints Responded to or Referred for Investigation or Further Action within 14 Days of Receipt	77.0	83.0	95.0	75.0	80.0
Investigations	Percentage of Investigations Accepted for Consideration by Prosecutors	95.0	94.0	97.5	70.0	80.0
Investigations	Percentage of Preliminary Investigations Converted to Full Investigations within 180 Days	77.0	82.0	95.75	70.0	80.0

Key: DISC - Discontinued and B - Baseline

Description of Performance

In FY 2014 SIGTARP exceeded its performance goal of three “Congressional Requests for Testimony Completed,” having completed four testimonies. SIGTARP anticipates that Congress will continue to have an interest in SIGTARP’s work.

In FY 2016 SIGTARP will measure its responsiveness to Congressional inquiries, which SIGTARP believes is a more meaningful measure of Congressional interest in SIGTARP’s mission. The new measure, “Percentage of Timely Responses to Congressional Inquiries” focuses on the responsiveness of information flow and transparency between SIGTARP and Congress. This measure will replace “Congressional Requests for Testimony Completed” in FY 2016.

The performance goal, “Number of Completed Audit Products” includes issuing audit products that promote the efficiency and effectiveness of the TARP and prevent waste, fraud and abuse. SIGTARP completed 10 audit products in FY 2014, exceeding its goal of eight completed audit products.

For FY 2014, “Percentage of Cases That are Joint Agency/Task Force Investigations” with other law enforcement agencies was 75.5 percent, exceeding the target of 45 percent.

One of SIGTARP’s primary investigative priorities is to operate the SIGTARP Hotline that provides a simple, accessible way for the American public to report crime tips. The “Percentage of Hotline Complaints Responded to or Referred for Investigation or Further Action Within 14 Days of Receipt” was 95 percent for FY 2014, exceeding the goal of 70 percent.

The “Percentage of Investigations Accepted for Consideration by Prosecutors,” was 97.5 percent for FY 2014, exceeding the target of 70 percent. This success is directly related to SIGTARP’s thorough investigation of evidence and its support of prosecutions.

In FY 2014, “Percentage of Preliminary Investigations Converted to Full Investigations Within 180 days” was 95.75 percent, exceeding the target of 60 percent. This is due to SIGTARP involving prosecutors in preliminary investigations to ensure that allegations, if proven, will be prosecuted.

It is expected that SIGTARP will continue to meet or exceed performance measures in FY 2015 and FY 2016.

The Treasury Inspector General for Tax Administration

Program Summary by Budget Activity

Dollars in Thousands

Budget Activity	FY 2014 Enacted	FY 2015 Enacted	FY 2016 Request	FY 2015 TO FY 2016 $ Change	% Change
Audit	$60,850	$61,572	$65,100	$3,528	5.73%
Investigations	$95,525	$96,638	$102,175	$5,537	5.73%
Subtotal, Treasury Inspector General for Tax Administration	**$156,375**	**$158,210**	**$167,275**	**$9,065**	**5.73%**
Offsetting Collections - Reimbursables	$1,700	$1,500	$1,500	$0	0.00%
Total Program Operating Level	**$158,075**	**$159,710**	**$168,775**	**$9,065**	**5.68%**
Direct FTE	835	835	859	24	2.87%
Reimbursable FTE	2	2	2	0	0.00%
Total FTE	**837**	**837**	**861**	**24**	**2.87%**

Summary

The FY 2016 President's Budget request for the Treasury Inspector General for Tax Administration (TIGTA) will be used to provide high quality professional audit, investigative, and inspections and evaluations services that promote integrity, economy, and efficiency in the administration of the Nation's tax system.

TIGTA's *Fiscal Year 2013 – 2016 Strategic Plan* guides program and budget activities and supports the Department of the Treasury's FY 2014-2017 Strategic Plan (the Plan), which includes Strategic Goal 2: "Fairly and effectively reform and modernize Federal financial management, accounting, and tax systems."

TIGTA's vision is specifically consistent with objective 3.2 of the Plan, "Improve the disbursement and collection of Federal funds and reduce improper payments made by the U.S. Government." Likewise, TIGTA's vision to "maintain a highly skilled, proactive, and diverse Inspector General organization dedicated to working in a collaborative environment with key stakeholders to foster and promote fair tax administration" supports objective 3.3 of the Plan, "Pursue tax reform, implement the Patient Protection and Affordable Care Act (ACA) and the Foreign Account Tax Compliance Act (FATCA), and improve the execution of the Internal Revenue Code (IRC or tax code)."

While there are a number of critical areas where TIGTA will provide oversight, FY 2016 priorities include:

- Identifying opportunities to improve the administration of the Nation's tax laws and achieve program efficiencies and cost savings;
- Mitigating risks associated with: security of taxpayer data and employees; information systems modernization; identity theft; oversight of tax-exempt organizations; procurement fraud; tax compliance; implementation of tax law changes; and human capital challenges facing the IRS in its domestic and/or international operations;
- Providing the IRS with the investigative coverage and the information necessary to mitigate threats against its employees, facilities, and systems;
- Responding to domestic and foreign threats to and attacks against IRS

employees, property, data infrastructure, and sensitive information;

- Rapidly and effectively responding to attempts to impersonate the IRS for fraudulent purposes;
- Improving the integrity of IRS operations by detecting and deterring waste, fraud, abuse, and misconduct, including the unauthorized disclosure of confidential taxpayer information by IRS employees;
- Conducting comprehensive audits and inspections and evaluations that provide recommendations for achieving monetary benefits; addressing erroneous and improper payments; and enhancing the service the IRS provides to taxpayers;
- Informing the American people, Congress, and the Secretary of the Treasury of problems on a timely basis once all facts are known;
- Overseeing the IRS's efforts to administer tax provisions of the Patient Protection and Affordable Care Act (ACA); as amended by the Health Care and Education Reconciliation Act of 2010*;* and
- Overseeing the IRS's efforts to implement the Foreign Account Tax Compliance Act (FATCA) to help prevent U.S. taxpayers from hiding assets offshore.

TIGTA was created by Congress as a part of the Internal Revenue Service Restructuring and Reform Act of 1998 (RRA 98). TIGTA's audits, investigations, inspections, and evaluations protect and promote the fair administration of the U.S. tax system. TIGTA conducts audits that advise the public, Congress, the Secretary of the Treasury, and IRS management of high-risk issues, problems, and deficiencies related to the administration of IRS programs and operations. TIGTA's audit recommendations improve the administration of the Federal tax system. TIGTA's administrative and criminal investigations help to protect the IRS and its employees and to ensure that the IRS protects and secures taxpayers' data. TIGTA's inspections and evaluations services provide responsive, timely, and cost-effective inspections and evaluations of IRS challenge areas. TIGTA's oversight is essential to the efficiency and equity of the IRS's tax administration system. TIGTA ensures that taxpayers can have confidence that the IRS collects more than $3.1 trillion in tax revenue in an effective and efficient manner.

Total resources required to support TIGTA activities for FY 2016 are $168,775,000, including $167,275,000 from direct appropriations and $1,500,000 from offsetting collections and reimbursable programs.

TIGTA FY 2016 Budget Highlights

Dollars in Thousands

Treasury Inspector General for Tax Administration	FTE	Amount
FY 2015 Enacted	**835**	**$158,210**
Changes to Base:		
Maintaining Current Levels (MCLs):	-	$2,557
Pay-Raise	-	$1,249
Pay Annualization	-	$319
FERS Contribution Increase	-	$426
Non-Pay	-	$563
Efficiency Savings:	-	($84)
Personnel Security Background Investigations	-	($17)
Space Optimization	-	($67)
Subtotal Changes to Base	-	$2,473
Total FY 2016 Base	**835**	**$160,683**
Program Changes:		
Program Increases:	24	$6,592
Enhance Capabilities to Protect the Tax Administration System Against Fraud & Cyberthreats	24	$6,592
Total FY 2016 Request	**859**	**$167,275**

FY 2016 Budget Adjustments

Adjustments to Request

Maintaining Current Level (MCLs)

Pay-Raise +$1,249,000 / +0 FTE

Funds are requested for the proposed January 2016 pay-raise.

Pay Annualization +$319,000 / +0 FTE

Funds are requested for annualization of the January 2015 pay-raise.

FERS Contribution Increase +$426,000 / +0 FTE
Funds are requested for increases in agency contributions to the Federal Employee Retirement System based on updated actuarial estimates.

Non-Pay +$563,000 / +0 FTE
Funds are requested for inflation adjustments in non-labor costs such as travel, contracts, rent, and equipment.

Efficiency Savings

Personnel Security Background Investigations -$17,000 / +0 FTE
TIGTA will generate a savings from a reduction in the number of personnel investigations it will need to conduct based on the results of an ongoing position sensitivity designation review.

Space Optimization -$67,000 / +0 FTE
TIGTA will achieve real property cost savings through the reduction of space, non-renewal of lease agreements, and/or the consolidation of existing space. TIGTA continues to implement telework and office right-sizing measures in order to reduce its footprint. As a result, TIGTA will need less building space, generating a savings of $67,000.

Program Increases

Enhance Capabilities to Protect the Tax Administration System Against Fraud & Cyberthreats +$6,592,000 / +24 FTE
The threats to the Nation's tax system are growing in complexity and sophistication. TIGTA developed this initiative to improve its use of advanced analytics and cross-discipline approaches to enhance its capabilities to assess and protect the Federal tax system.

Explanation of Budget Activities

Audit ($65,100,000 from direct appropriations, $600,000 from reimbursable resources)
TIGTA's audit work is concentrated on high-risk areas and the IRS's progress in achieving its strategic goals. TIGTA strategically evaluates IRS programs, activities, and functions so that resources are expended in the areas of highest vulnerability to the Nation's system of tax administration. TIGTA's audit program includes both statutory audit requirements and specific audits identified through TIGTA's risk-assessment process. By focusing on the most critical areas, TIGTA identifies and recommends improvements that add value while addressing high-risk tax administration issues. TIGTA's audits and recommendations help promote the economy, efficiency, and effectiveness of IRS programs; ensure the fair and equitable treatment of taxpayers; and detect and deter waste, fraud, and abuse.

During FY 2014, TIGTA issued 95 audit reports that included potential financial benefits of approximately $16.5 billion and affected approximately 3.6 million taxpayer accounts. In FY 2014, several key ACA provisions became effective. Beginning in Calendar Year 2014, most individuals are required to maintain minimum essential coverage and some low to middle income individuals will be eligible to receive the Premium Tax Credit. As such, FY 2015 and FY 2016 will be significant years for oversight of ACA provisions. TIGTA's independent oversight plays a key role in ensuring that these provisions are implemented and administered in accordance with the law and the intent of Congress.

Investigations ($102,175,000 from direct appropriations $900,000 from reimbursable resources)

TIGTA has a statutory responsibility to protect the integrity of tax administration and to protect the ability of the IRS to collect revenue for the Federal Government. To accomplish this, TIGTA investigates allegations of serious administrative and criminal misconduct committed by IRS employees. TIGTA's investigative resources focus on three primary areas of investigation: Employee Integrity; Employee and Infrastructure Security; and External Attempts to Corrupt Tax Administration.

Employee Integrity: IRS employee misconduct, real or perceived, can erode public trust and impede the IRS's ability to enforce tax laws effectively. This misconduct manifests itself in a variety of ways, including: misuse of IRS resources or authority; theft; fraud; extortion; taxpayer abuses; and unauthorized access to, and disclosure of, tax return information. During FY 2014, 54 percent of TIGTA's investigative body of work involved alleged employee misconduct. TIGTA's special agents possess the knowledge, skills, and expertise to investigate such matters. TIGTA's investigation of employee misconduct conveys a message to IRS employees that these types of activities will not go unchecked. TIGTA promotes employee integrity by conducting proactive investigative initiatives to detect criminal activity and other serious misconduct in the administration of IRS programs.

Employee and Infrastructure Security: Physical violence, harassment, and intimidation of IRS employees pose some of the most significant challenges to the implementation of a fair and effective system of tax administration. TIGTA's investigative efforts place high priority on its oversight of IRS employee safety and physical security, protecting approximately 95,000 employees and 670 facilities throughout the country. TIGTA maintains IRS employee and infrastructure security by conducting investigations into incidents that threaten IRS employees, facilities, and infrastructure. In October 2008, the Inspector General Reform Act of 2008 was signed into law, which allows TIGTA to provide physical security to protect IRS employees against external threats. TIGTA works aggressively and takes swift action to protect IRS employees; including providing armed escorts to IRS employees in dangerous situations.

External Attempts to Corrupt Tax Administration: TIGTA is statutorily mandated to investigate external attempts to corrupt tax administration, which includes criminal misconduct by non-employees such as attempted bribery of IRS employees and the impersonation of the IRS. Many IRS employees are in direct contact with taxpayers and often encounter situations where a taxpayer may challenge the employee's integrity with a bribe. Bribery, or attempted bribery, of a public official is a criminal offense, and an attack on the integrity of the entire IRS organization and the Nation's system of tax administration. TIGTA is currently investigating nationwide IRS impersonations schemes in which criminals are pretending to be IRS employees and are attempting to collect phantom tax liabilities from innocent taxpayers. To date, the TIGTA Hotline has received over 269,000 related reports of this type of contact; and over 2,400 taxpayers have been defrauded out of over $13 million as a result of this impersonation scam.

Legislative Proposals

TIGTA has no legislative proposals.

TIGTA Performance by Budget Activity

Budget Activity	Performance Measure	FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Target	FY 2016 Target
Audit	Percentage of Audit Products Delivered when Promised to Stakeholders	71.0	84.0	65.0	68.0	68.0
Audit	Percentage of Recommendations Made that Have Been Implemented	94.0	87.0	89.0	85.0	85.0
Investigations	Percentage of Results from Investigative Activities	89.0	90.0	92.0	79.0	81.0

Key: DISC - Discontinued and B - Baseline

Description of Performance

- For FY 2014, TIGTA issued 95 audit reports identifying approximately $16.5 billion in potential financial benefits (*i.e.*, costs savings, increased or protected revenue, taxpayer rights and entitlements, and inefficient use of resources).

- For FY 2014, TIGTA achieved its FY 2014 target of 65 percent for the percentage of audit products delivered when promised to stakeholders. TIGTA met this goal as a result of monitoring the execution of its audit programs. The FY 2014 actual percentage of recommendations made that have been implemented was 89 percent. TIGTA exceeded its target by four percent as a result of continued discussions with the IRS throughout the audit process, both on the findings and on the potential recommended solutions, to ensure that feasible alternatives were identified.

- For FY 2016, the Office of Audit targets 68 percent of audit products will be delivered when promised to stakeholders and 85 percent of recommendations made will be implemented.

- During FY 2014, TIGTA initiated 41 proactive investigative initiatives to detect systemic weaknesses or potential IRS program vulnerabilities. TIGTA received 10,193 complaints and opened 2,964 investigations in FY 2014. During this time period, TIGTA also closed 3,054 investigations, which included 1,343 cases of employee misconduct referred for IRS action and 144 cases of all types of investigations were accepted for criminal prosecution.

- For FY 2016, the Office of Investigations' performance target is 81 percent, a two percent increase from the FY 2015 target of 79 percent.

Community Development Financial Institutions Fund

Program Summary by Budget Activity

Dollars in Thousands

	FY 2014	FY 2015	FY 2016	FY 2015 to FY 2016	
Budget Activity	Enacted	Enacted	Request	$ Change	% Change
Community Development Financial Institutions Program	146,364	152,400	157,593	5,193	3.41%
Bank Enterprise Award Program	18,000	18,000	0	(18,000)	-100.00%
Native American CDFI Assistance Program	15,000	15,000	16,000	1,000	6.67%
Administration	24,636	23,100	24,930	1,830	7.92%
Healthy Food Financing Initiative	22,000	22,000	35,000	13,000	59.09%
Subtotal, Community Development Financial Institutions Fund	**$226,000**	**$230,500**	**$233,523**	**$3,023**	**1.31%**
Offsetting Collection - Reimbursables	206	0	0	0	0.00%
User Fees	0	249	986	737	295.98%
Recovery from Prior Years	4,200	5,200	5200	0	0.00%
Unobligated Balances from Prior Year	24,817	10,856	5,500	(5,356)	-49.34%
Total Program Operating Level	**$255,223**	**$246,805**	**$245,209**	**($1,596)**	**-0.65%**
Direct FTE	76	79	87	8	10.13%
Total FTE	**76**	**79**	**87**	**8**	**10.13%**

Summary

The FY 2016 Budget requests an appropriation of $233,523,000 for the Community Development Financial Institutions Fund (CDFI Fund) to support its mission of promoting economic opportunity and community development.

The CDFI Fund expands the availability of credit, investment capital, and financial services in distressed urban and rural communities and for underserved populations. The CDFI Fund carries out the Community Development Banking and Financial Institutions Act of 1994, as well as certain programmatic provisions of the Community Renewal Tax Relief Act of 2000, the Housing and Economic Recovery Act of 2008, and the Small Business Jobs Act of 2010.

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

The FY 2016 Budget proposes funding for the CDFI Program and Native American CDFI Assistance (NACA) Program, as well as the Healthy Food Financing Initiative (HFFI). In addition to funding the administration of these programs, the CDFI Fund request also includes funding to administer the New Markets Tax Credit (NMTC) Program, the CDFI Bond Guarantee Program, and the Capital Magnet Fund (CMF). The CDFI Bond Guarantee Program supports CDFI long-term lending in underserved areas by providing a source of long-term capital.

CDFI FY 2016 Budget Highlights

Dollars in Thousands

Community Development Financial Institutions Fund	FTE	Amount
FY 2015 Enacted	**79**	**$230,500**
Changes to Base:		
Maintaining Current Levels (MCLs):	-	$437
Pay-Raise	-	$100
Pay Annualization	-	$26
FERS Contribution Increase	-	$38
Non-Pay	-	$273
Non-Recurring Costs:	-	($523)
Reasearch and Evaluation	-	($523)
Efficiency Savings:	-	($84)
Travel Savings	-	($84)
Subtotal FY 2016 Changes to Base	-	($170)
Total FY 2016 Base	**79**	**$230,330**
Program Changes:		
Program Increases:	-	$21,193
Community Development Financial Institutions Program	-	$5,193
Native American CDFI Assistance Program	-	$1,000
Healthy Food Financing Initiative		$13,000
Administration - Capital Magnet Fund	8	$2,000
Program Decreases:	-	($18,000)
Bank Enterprise Award Program	-	($18,000)
Total FY 2016 Request	**87**	**$233,523**

FY 2016 Budget Adjustments

Maintaining Current Levels (MCLs)

Pay-Raise +$100,000 / +0 FTE

Funds are requested for the proposed January 2016 pay-raise.

Pay Annualization +$26,000 / +0 FTE

Funds are requested for annualization of January 2015 pay-raise.

FERS Contribution Increase +$38,000 / +0 FTE

Funds are requested for increases in agency contributions to the Federal Employee Retirement System based on updated actuarial estimates.

Non-Pay +$273,000 / +0 FTE

Funds are requested for inflation adjustments in non-labor costs such as travel, contracts, rent, supplies, and equipment.

Non-Recurring Cost

Administration – Research and Evaluation (Data Collection) -$523,000 / +0 FTE

The CDFI Fund will non-recur a portion of research and evaluation funding.

Efficiency Savings

Administration -$84,000 / +0 FTE

The CDFI Fund will reduce travel costs through the use of fewer travelers, video conference calling, and hosting of award announcements locally.

Program Increases

CDFI Program +$5,193,000 / +0 FTE

The CDFI Fund will increase the amount and number of financial assistance (FA) and technical assistance (TA) awards. An increase of $5.19 million to the CDFI Program will result in 5 to 6 additional FA awards, allowing an increase in the number of business and microenterprise loans, home improvement and purchase loans, residential real estate transactions, and other consumer loans and products offered by CDFI awardees.

Native American CDFI Assistance Program +$1,000,000 / +0 FTE

The CDFI Fund will increase the NACA Program by $1 million in order to increase participation by Native communities by improving technical assistance and capacity building for Native CDFIs.

Healthy Food Financing Initiative +$13,000,000 / +0 FTE

The CDFI Fund will increase the amount and number of FA awards for the Healthy Foods Financing Initiative. An increase of $13 million will result in 6 to 7 more awards to expand the offering of affordable financing for healthy food retail options in distressed communities.

Administration - Capital Magnet Fund +$2,000,000 / +8 FTE
The CDFI Fund proposes to increase its administrative budget by $2 million to administer the CMF. The CDFI Fund estimates this will support approximately $60 million in award funding. Awards made through the CMF will be funded by annual transfers from Fannie Mae and Freddie Mac.

Program Decreases
Bank Enterprise Award Program
-$18,000,000 / +0 FTE
The President's Budget proposes not to fund the BEA program in FY 2016.

Explanation of Budget Activities

Community Development Financial Institutions Program ($157,593,000 from direct appropriations)
The CDFI Program uses federal resources to invest in and build the capacity of CDFIs to serve low-income and underserved individuals and communities lacking adequate access to affordable financial products and services. The CDFI Program provides monetary awards for financial assistance to further economic development (job creation, business financing, and commercial real estate development); affordable housing (housing development and homeownership); and community development financial services (provision of basic banking services to underserved communities and financial literacy training).

The CDFI Program also provides technical assistance awards to help CDFIs build their capacity to serve their target markets through the acquisition of consulting services, technology purchases, and training.

New Markets Tax Credit Program ($0 from direct appropriations)
The NMTC Program attracts private sector capital into low-income communities. Community Development Entities (CDEs) apply to the CDFI Fund for allocations of tax credit authority in annual competitive rounds. Taxable investors receive NMTCs in exchange for making equity investments in these CDEs, which in turn invest equity or debt into qualified businesses. In addition to awarding tax credits, the CDFI Fund monitors CDE compliance through the terms of their allocation agreements.

The FY 2016 President's Budget proposes to permanently extend the NMTC, allowing up to $5 billion in qualifying investment in each year beginning in 2015. The proposal would also permit the NMTC to offset the Alternative Minimum Tax (AMT) liability.

Native American CDFI Assistance Program ($16,000,000 from direct appropriations)
The Native Initiatives include two components: (i) the NACA Program through which financial assistance and technical assistance awards are provided to build the capacity of new or existing Native CDFIs serving Native Communities; and (ii) complementary capacity-building initiatives that foster the development of Native CDFIs through training and technical assistance, strengthen their operational capacity, and guide them in the creation of important financial education and asset-building programs for their communities.

Healthy Food Financing Initiative ($35,000,000 from direct appropriations)
Through the Administration's Healthy Food Financing Initiative, the CDFI Fund will build on program achievements in FYs 2011 - 2015 by continuing to support and finance healthy food alternatives in low-income communities. To date, all 12 of the first-round HFFI

awardees and 11 of the 12 second-round awardees have reported on three years of HFFI investments. In total, 99 loans/investments were made to 114 projects totaling $43,589,977 in HFFI eligible activities. A total of 64 retail outlets were funded resulting in 899,021 square feet of new retail space developed for projects ranging from small green grocers to large supermarkets, all serving low-income, low-access census tracts. Another 50 non-retail projects developed 1,122,816 square feet of space for eligible healthy food activities such as farming and development of distribution centers.

Bond Guarantee Program ($0 from direct appropriations)

The Small Business Jobs Act of 2010 (Public Law 111-240) created the CDFI Bond Guarantee Program. Bonds issued under the program support CDFI lending activity in underserved communities by providing a source of long-term capital. Qualified Issuers (CDFIs or their designees) issue bonds that are guaranteed by the Secretary of the Treasury and use the bond proceeds to make loans to Eligible CDFIs for eligible community and economic development purposes. These purposes include community and economic development financing for affordable multi-family rental housing, small businesses, healthcare facilities, charter schools, and commercial real estate in low-income or underserved rural areas. For the FY 2013 round of the program, the CDFI Fund received 8 guarantee applications that represented $825 million in bond guarantees. The Department of Treasury provided guarantees totaling $325 million. In FY 2014, the CDFI Fund received three guarantee applications that represented a total of $415 million in guarantees and the Department of Treasury provided guarantees of $200 million.

Capital Magnet Fund ($0 from direct appropriations)

The Housing and Economic Recovery Act of 2008 authorized CMF to be administered by the CDFI Fund. The purpose of CMF is to make awards to CDFIs and qualified nonprofit housing providers that would be leveraged to attract other financing sources for affordable housing. By statute, recipients must leverage CMF dollars by a factor of at least 10:1]

Administration ($24,930,000 from direct appropriations)

Administration encompasses the CDFI Fund's operational support and management activities for each of the monetary award, bond guarantee, and tax credit programs that it administers. This includes finalizing the terms of assistance agreements with awardees, making disbursements, and monitoring awardee compliance with the terms of their multi-year assistance and allocation agreements. In addition, resources will be utilized for a business application enhancement upgrade and external program research evaluations. Administration funds will also support the non-monetary award programs and activities (the NMTC Program, CDFI and CDE certification, and recertification) and the administration of the CDFI Bond Guarantee Program and the Capital Magnet Fund.

Legislative Proposals

Treasury requests extension of the CDFI Bond Guarantee Program through FY 2017 and proposes reforms to the program to increase participation and ensure credit-worthy CDFIs have access to this important source of capital, while continuing to maintain strong protections against credit risk. Treasury proposes the following legislative changes to the CDFI Bond Guarantee Program: (i) to extend the program through FY 2017; (ii) to reduce the minimum bond issue size from $100 million to $25 million; (iii) to permit the

Secretary to adjust the risk-share pool payment requirement, based on the borrower's credit quality, from zero to four percent; (iv) to collect a mandatory one percent fee from all borrowers; and (v) to revise the relending account language to correct a technical drafting error.

CDFI Performance by Budget Activity

Budget Activity	Performance Measure	FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Target	FY 2016 Target
Community Development Financial Institutions Program	CDFI - Percent of Loans & Investments Originated in Distressed communities and to underserved populations by amount of loans (Annual) %	84.9%	77.1%	70.8%	60.0%	60.0%
Administration	ALL - Award Cycle Time (months)	6.5	6.8	7.1	7.0	7.0
Administration	ALL – Affordable Housing (units)	27,433	26,391	32,621	36,000	29,000
New Markets Tax Credit Program	Community Development Entities' Annual Qualified Equity Investments In Low-Income Communities ($ billions)	$4.7	$5.5	$4.0	$3.5	$3.5

Key: DISC - Discontinued and B – Baseline

Description of Performance

In the FY 2014 funding round of the CDFI Program, the CDFI Fund received applications from 411 organizations, requesting over $500 million in financial and technical assistance awards and for the Healthy Food Financing Initiative (HFFI). The CDFI Fund awarded more than $195 million in grants to 197 CDFIs, including $22.4 million for HFFI. This activity shows the continued strong growth in demand for CDFI Fund Programs.

As detailed in the CDFI Fund Performance by Budget Activity Table, in FY 2014, CDFI Program awardees reported that over 70 percent of loans were originated in distressed communities and to underserved populations. By regulation, CDFIs must originate 60 percent or more of their loans and investments in eligible distressed census tracts or to underserved populations. The threshold is set at 60 percent in recognition that CDFIs need to balance safety and soundness by maintaining a diversified portfolio. Loans in highly distressed areas tend to be higher risk as well as inefficient to originate and manage. The trend for FY 2012-2014 indicates that CDFI awardees have been successful in meeting their mission of serving distressed communities and underserved populations while maintaining sound investment portfolio performance. The three year trend line shows a drop from 85 percent to 71 percent, however from year to year it is typical for this number to fluctuate. The 10 year average from FY 2003-2012 was 74%, which is comparable to the three year average of 77% for FY 2012-2014.

In FY 2014, the CDFI Fund completed its application-award cycle for all program awards in 7.1 months. The application-award target was missed slightly because of a change in congressionally mandated matching funds requirements. In the FY 2014 appropriation Congress required supplemental notification of applicants and additional reviews of the applicant's matching documentation. The target remains 7 months for FYs 2015 and 2016.

In FY 2014, the CDFI Fund reported supporting the creation or preservation of 32,621 units of affordable housing for its *All-affordable housing* measure. This includes housing outcomes from the CDFI, NMTC and CMF programs. The target was exceeded due to higher than projected results achieved by CMF awardees. The targets for FY 2015 and 2016 do not factor in results from future rounds of funding for CMF. The outcomes of the FY 2016 CMF awards will not be reported until FY 2017.

In FY 2014, NMTC allocatees reported making annual qualified investments of nearly $4 billion in low-income communities, falling below the stretch target of $5 billion. The goal was established based on expectations about investments made from available tax authority balances. The FY 2015 and FY 2016 targets were decreased to $3.5 billion to reflect the actual annual tax credit authority enacted by Congress in recent years.

Financial Crimes Enforcement Network

Program Summary by Budget Activity

Dollars in thousands

Budget Activity	FY 2014 Enacted	FY 2015 Enacted	FY 2016 Request	FY 2015 TO FY 2016 $ Change	FY 2015 TO FY 2016 % Change
BSA Administration and Analysis	$112,000	$112,000	$112,979	$979	0.87%
Subtotal, Financial Crimes Enforcement Network	**$112,000**	**$112,000**	**$112,979**	**$979**	**0.87%**
Offsetting Collections - Reimbursables	$2,000	$3,000	$3,000	$0	0.00%
Recovery from Prior Years	$500	$500	$500	$0	0.00%
Unobligated Balances from Prior Years	$41,000	$50,000	$50,000	$0	0.00%
Total Program Operating Level	**$155,500**	**$165,500**	**$166,479**	**$979**	**0.59%**
Direct FTE	345	345	343	(2)	-0.58%
Reimbursable FTE	1	1	1	0	0.00%
Total FTE	**346**	**346**	**344**	**(2)**	**-0.58%**

Summary

The mission of the Financial Crimes Enforcement Network (FinCEN) is to safeguard the financial system from illicit use, and combat money laundering and promote national security through the collection, analysis, and dissemination of financial intelligence and strategic use of financial authorities.

In carrying out its mission, FinCEN has numerous statutory areas of responsibility: developing and issuing regulations under the Bank Secrecy Act (BSA); enforcing compliance with the BSA in partnership with law enforcement and other regulatory partners; serving as the U.S. Financial Intelligence Unit (FIU) and maintaining a network of information sharing with FIUs in more than 130 partner countries; receiving millions of new financial reports each year and maintaining a database of over 170 million reports; analyzing and disseminating financial intelligence to federal, state, and local law enforcement, federal and state regulators, foreign FIUs, and industry; and bringing together the disparate interests of law enforcement, FIU, regulatory partners, and industry.

To meet its priorities in FY 2015 and FY 2016, FinCEN will:

- Adopt strong anti-money laundering and counterterrorism financing (AML/CFT) regulatory safeguards;[1]
- Implement and enforce AML/CFT regulatory authorities and employ targeted financial measures against priority threats;
- Use research, analysis, and advanced analytics to identify and explain priority threats to the financial system;
- Implement and manage programs to effectively network, coordinate, and share financial intelligence between FinCEN and its domestic and foreign partners in government and private industry[1]; and
- Develop and support effective technology systems to collect and analyze financial intelligence from private industry and share it with domestic and foreign government partners.

[1] Directly supports the Strategic Objective Annual Review (SOAR) next steps.

FinCEN FY 2016 Budget Highlights

Dollars in Thousands

Financial Crimes Enforcement Network	FTE	Amount
FY 2015 Enacted	**345**	**$112,000**
Changes to Base:		
Maintaining Current Levels (MCLs):	-	$1,896
Pay-Raise	-	$521
Pay Annualization	-	$133
FERS Contribution Increase	-	$191
Non-Pay	-	$1,051
Efficiency Savings:	-	($726)
Efficiency Savings	-	($726)
Subtotal Changes to Base	-	$1,170
Total FY 2016 Base	**345**	**$113,170**
Program Changes:		
Program Decreases:	(2)	($191)
Administrative Staffing Reduction	(2)	($191)
Program Increases:	-	-
Total FY 2016 Request	**343**	**$112,979**

FY 2016 Budget Adjustments

Adjustments to Request

Maintaining Current Levels (MCLs)

Pay-Raise +$521,000 / +0 FTE

Funds are requested for the proposed January 2016 pay-raise.

Pay Annualization +$133,000 / +0 FTE

Funds are requested for annualization of the January 2015 pay-raise.

FERS Contribution Increase +$191,000 / +0 FTE

Funds are requested for increases in agency contributions to the Federal Employee Retirement System based on updated actuarial estimates.

Non-Pay +$1,051,000 / +0 FTE

Funds are requested for inflation adjustments in non-labor expenses such as GSA rent adjustments, postage, supplies, and equipment.

Efficiency Savings

Efficiency Savings -$726,000 / +0 FTE

These efficiencies are a result of reductions in travel, printing, and savings realized through re-evaluated or negotiated contracts.

Program Decreases

Administrative Staffing Reduction -$191,000 / -2 FTE

FinCEN will redistribute the workload of two administrative positions lost through attrition.

Explanation of Budget Activities

BSA Administration and Analysis ($112,979,000 from direct appropriations, $3,000,000 from reimbursable resources)

The programs funded by this budget activity support Treasury Strategic Goal 4: "Safeguard the financial system and use financial measures to counter national security threats." This activity comprises FinCEN's efforts to develop and issue regulations under the Bank Secrecy Act (BSA); enforce compliance with the BSA in partnership with regulatory partners and as the sole BSA regulator across numerous industries; receive BSA reports and maintain a database; analyze and disseminate financial intelligence to federal, state, and local law enforcement, federal and state regulators, foreign FIUs, and industry; and serve as the U.S. FIU and maintaining network of information sharing with FIUs in partner countries. The goal owner for this budget activity is the Director of FinCEN.

Legislative Proposals

FinCEN has no legislative proposals

FinCEN Performance by Budget Activity

Budget Activity	Performance Measure	FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Target	FY 2016 Target
BSA Administration and Analysis	Percentage of Users Finding That the Financial Intelligence Collected by FinCEN Pursuant its Regulations Provides Valuable Information to Safeguard the Financial System, Combat Money Laundering, and Counter Terrorist Financing	90.0	80.0	81.0	82.0	83.0
BSA Administration and Analysis	Percentage of Stakeholders Finding FinCEN's Information Sharing Has Contributed to Their Organization's Responsibilities	N/A	N/A	89.0	89.0	90.0
BSA Administration and Analysis	Percentage of Users Satisfied with FinCEN Information Sharing Systems	N/A	N/A	78.0	78.0	80.0

Description of Performance

To support the Treasury and FinCEN Strategic Objectives to adopt strong AML/CFT regulatory safeguards, FinCEN tracked the percentage of users finding that financial intelligence collected by FinCEN pursuant to its regulations provides valuable information to safeguard the financial system, combat money laundering, and counter terrorist financing. The survey looked at the value of FinCEN data, such as whether the data provided unknown information, supplemented or expanded known information, verified information, helped identify new leads, opened a new investigation or examination, supported an existing investigation or examination, or provided information for an investigative or examination report. In FY 2014, 81 percent of users found the financial intelligence useful. FinCEN did not meet the target of 84 percent. To meet future targets FinCEN will put greater emphasis on both in-person and on-line training that will better assist users in understanding and utilizing the FinCEN Query tool for their unique cases and situations.

To support the Treasury and FinCEN Strategic Objectives to implement and manage programs to effectively network, coordinate, and share financial intelligence between FinCEN and its domestic and foreign partners in government and private industry, FinCEN measured the percentage of stakeholders finding FinCEN's information sharing has contributed to their organization's responsibilities. This measure examined the survey responses of customers who have had contact with FinCEN to exchange information, including industry, regulators, and law enforcement, both domestic and foreign. This is a meaningful measure as it tracks FinCEN's efforts to share financial intelligence. FinCEN baselined the results of this measure in FY 2014 with 89 percent finding information sharing valuable. FinCEN attributes this performance to high levels of satisfaction of domestic customers with the 314(a) program and responses received from regulatory Help Line calls.

To support the Treasury and the FinCEN Strategic Objectives to develop and support effective technology systems to collect and analyze financial intelligence from private industry and share it with domestic and foreign government partners, FinCEN tracked the percentage of users satisfied with FinCEN information sharing systems. This measure is meaningful because the technology allows authorized persons to more readily access BSA information and better enable them to conduct investigations more efficiently and effectively. In FY 2014 the baseline score was 78 percent of users were satisfied with FinCEN's information sharing systems. FinCEN attributes this performance to high levels of satisfaction with the Egmont Secure Web (ESW) that shares information with foreign FIUs and the E-Filing system used to submit financial reports.

Alcohol and Tobacco Tax and Trade Bureau

Program Summary by Budget Activity

Dollars in thousands

Budget Activity	FY 2014 Enacted	FY 2015 Enacted	FY 2016 Request	FY 2015 TO FY 2016 $ Change	FY 2015 TO FY 2016 % Change
Collect the Revenue	$51,721	$52,721	$52,785	$64	0.12%
Protect the Public	$47,279	$47,279	$48,654	$1,375	2.91%
Subtotal, Alcohol and Tobacco Tax and Trade Bureau	**$99,000**	**$100,000**	**$101,439**	**$1,439**	**1.44%**
Offsetting Collections - Reimbursables	$6,742	$7,022	$6,300	($722)	-10.28%
Appropriations Transferred from IRS Program Integrity Cap Adjustment	$0	$0	$5,000	$5,000	NA
Transfers In/Out – TEOAF Super Surplus Fund	$900	$0	$0	$0	NA
Total Program Operating Level	**$106,642**	**$107,022**	**$112,739**	**$5,717**	**5.34%**
Direct FTE	473	473	474	1	0.21%
Reimbursable FTE	10	10	10	0	0.00%
Appropriations Transferred from IRS Program Integrity Cap Adjustment FTE	0	0	35	35	NA
Total FTE	**483**	**483**	**519**	**36**	**7.45%**

Summary

The Alcohol and Tobacco Tax and Trade Bureau (TTB) serves as the nation's primary federal authority in the regulation of the alcohol and tobacco industries. TTB is responsible for the administration and enforcement of the Internal Revenue Code associated with the collection of excise taxes on alcohol, tobacco, firearms, and ammunition, and the Federal Alcohol Administration Act, which provides for the regulation of those engaged in the alcohol beverage industry and the protection of U.S. consumers by ensuring the integrity of alcohol beverage labels and products.

In FY 2016, TTB will continue to focus its efforts on enforcing compliance with alcohol, tobacco, firearms, and ammunition laws and regulations in the interest of collecting all appropriate excise taxes and promoting a marketplace for alcohol beverages that complies fully with federal production, labeling, advertising, and marketing standards. The FY 2016 President's Budget request enables TTB to continue the programs and activities necessary to meet its strategic goals of collecting revenue and protecting the public.

Total resources required to support TTB activities for FY 2016 are $112,739,000, including $101,439,000 from direct appropriations, $6,300,000 from other offsetting collections and reimbursable programs, and $5,000,000 in appropriations transferred from other accounts.

TTB FY 2016 Budget Highlights

Dollars in Thousands

Alcohol and Tobacco Tax and Trade Bureau	FTE	Amount
FY 2015 Enacted	**473**	**$100,000**
Changes to Base:		
Maintaining Current Levels (MCLs):	-	$1,687
Pay-Raise	-	$580
Pay Annualization	-	$148
FERS Contribution Increase	-	$205
Non-Pay	-	$754
Efficiency Savings:	-	($248)
Reduce Infrastructure Footprint	-	($44)
IT Open Source Project	-	($60)
Travel and Other Operating Reductions	-	($144)
Subtotal Changes to Base	-	$1,439
Total FY 2016 Base	**473**	**$101,439**
Program Changes:		
Program Decreases:	-	($1,000)
Criminal Enforcement Program	-	($1,000)
Program Increases:	36	$6,000
Improvements to Core Business Applications/Data Analytics	1	$1,000
Alcohol and Tobacco Enforcement Program	35	$5,000
Total FY 2016 Operating Level	**509**	**$106,439**
Program Integrity Cap Adjustment Included in IRS Budget Request	**-**	**($5,000)**
Total FY 2016 Net Appropriation Request	**509**	**$101,439**

FY 2016 Budget Adjustments

Adjustments to Request

Maintaining Current Level (MCLs)

Pay-Raise +$580,000 / +0 FTE

Funds are requested for the proposed January 2016 pay-raise.

Pay Annualization +$148,000 / +0 FTE

Funds are requested for annualization of the January 2015 pay-raise.

FERS Contribution Increase +$205,000 / +0 FTE

Funds are requested for increases in agency contributions to the Federal Employees Retirement System (FERS) based on updated actuarial estimates.

Non-Pay +$754,000 / +0 FTE

Funds are requested for inflation adjustments in non-labor costs such as travel, contracts, rent, supplies, and equipment.

Efficiency Savings

Reduce Infrastructure Footprint -$44,000 / +0 FTE

During the past few years, TTB has launched an aggressive telework program. This has enabled TTB to close half of its field offices, with the remaining field offices being vital to TTB's mission. TTB has also reconfigured and reduced the amount of office space needed to operate its headquarters in Washington, D.C., and the National Revenue Center in Cincinnati. In an ongoing effort to improve space utilization, TTB has identified additional opportunities to reduce leased space, resulting in additional savings of $44,000.

IT Open Source Project -$60,000 / +0 FTE

TTB has launched a project to move its custom IT applications infrastructure from proprietary hardware and software to Open Source software. This initiative will lower the cost of both hardware refresh and maintenance and software licensing and maintenance.

Travel and Other Operating Reductions -$144,000 / +0 FTE

TTB will further reduce its operational costs through savings in administrative overhead and program operations.

Program Decreases

Criminal Enforcement Program -$1,000,000 / +0 FTE

TTB will reduce its Criminal Enforcement Program to the 2014 funding level. The program remains critical to the bureau's ability to effectively curtail illicit operations and deter others from engaging in diversion activity. This level will enable TTB to continue pursuing and conducting criminal investigations while allowing the bureau to address other crucial investments to maintain a competitive and compliant marketplace for the alcohol beverage industry and facilitate trade in this growing sector of the economy.

Program Increases

Improvements to Core Business Applications/ Data Analytics +$1,000,000 / +1 FTE

TTB is requesting $1 million to invest in its priority project to modernize the alcohol beverage labeling program by streamlining and simplifying the Certificate of Label Approval (COLA) submission and approval process. Given TTB's limited resources and the increased demand for its services from a growing business sector, TTB's current business model is unsustainable. TTB intends to address these challenges by working towards an automated solution to facilitate compliant label applications so that products may proceed to market more quickly. The requested investment would support: 1) system enhancements to COLAs Online to improve system checks and automate certain review and approval functions, 2) enhanced functionality of COLAs Online and Formulas Online to improve the availability and utility of data for analytics purposes, and 3) advanced risk modeling to support market-based enforcement. The initial investment will allow TTB to complete a comprehensive requirements analysis and begin implementing the business system enhancements for the labeling modernization priority project.

Alcohol and Tobacco Enforcement Program +$5,000,000 / +35 FTE

The FY 2016 President's Budget includes a proposal to amend section 251 of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended, to provide a program integrity cap adjustment of $5 million for TTB's tax enforcement and compliance program to narrow the tax gap in the tobacco and alcohol industries and reduce the deficit through increased revenue collections. This specific funding request is included under the IRS budget, which includes the tax enforcement and compliance program integrity cap adjustment for both the IRS and TTB. Under the TTB budget, this item is being reported as "Appropriations Transferred from IRS Program Integrity Cap Adjustment."

The proposed cap adjustment for TTB tax enforcement and compliance activities includes $5 million in new revenue-producing tax compliance initiatives in FY 2016 and $5 million in additional new initiatives each fiscal year from 2017 through 2020. TTB will target known points in the supply chain that are susceptible to diversion activity and prioritize forensic audits and investigations of high-risk activity and entities in the alcohol and tobacco trade. Because these enforcement initiatives must be sustained over time in order to maximize their potential taxpayer returns, the total above-base cap adjustment including inflation is $193 million over the 10-year period. Over this same time period, these additional investments will generate an estimated $338 million in additional tax revenue over the 10-year period. The net savings from these investments is $145 million.

Program Integrity Cap Adjustment Included in IRS Budget Request -$5,000,000 / +0 FTE

This adjustment ensures that the program increase for TTB's Alcohol and Tobacco Enforcement Program is reflected only once in the 2016 President's Budget as part of the IRS's program integrity cap adjustment.

Explanation of Budget Activities

Collect the Revenue ($52,785,000 from direct appropriations, $3,276,000 from reimbursable resources, and a transfer of $5,000,000)

This budget activity includes all tax processing, verification, enforcement, and outreach efforts related to administering the federal excise tax on alcohol, tobacco, firearms, and ammunition products. TTB regulates and collects taxes from distilleries, breweries, bonded wineries, bonded wine cellars, manufacturers of cigarette papers and tubes, manufacturers of tobacco products, and manufacturers and importers of firearms and ammunition. In ensuring a level playing field for all those engaged in the trade of these strictly regulated commodities, TTB also takes appropriate enforcement action to detect and address diversion activity and ensure all products sold in the marketplace are properly taxpaid. In FY 2014, excise tax collections reached nearly $13.6 billion for tobacco products, over $7.9 billion for alcohol beverage products, and $769 million for firearms and ammunition. This budget activity supports the TTB strategic goal of ensuring that industry remits the proper federal tax on these products and the Treasury strategic objective to improve the execution of the tax code.

Protect the Public ($48,654,000 from direct appropriations, $3,024,000 from reimbursable resources)

This budget activity funds the programs that ensure the integrity of the products and industry members in the marketplace by promoting compliance with federal alcohol and tobacco laws and regulations by the nearly 72,000 businesses that hold a TTB permit or registration. This budget activity also supports the TTB and Treasury objectives to facilitate fair and lawful commercial trade in the alcohol and tobacco commodities. This budget activity supports the TTB strategic goal of assuring that alcohol and tobacco industry operators meet permit qualifications, and alcohol beverage products comply with federal production, labeling, and marketing requirements.

Legislative Proposals

TTB has no legislative proposals.

TTB Performance by Budget Activity

Budget Activity	Performance Measure	FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Target	FY 2016 Target
Collect the Revenue	Amount of Revenue Collected Per Program Dollar	449.0	457.0	457.0	400.0	400.0
Collect the Revenue	Percent of Voluntary Compliance from Large Taxpayers in Filing Tax Payments Timely (In Terms of Revenue)	92.0	92.0	90.0	92.0	94.0
Protect the Public	Percent of Electronically Filed Permit Applications (NEW)	62.0	70.0	79.0	82.0	85.0
Protect the Public	Percentage of Permit Applications Processed with Service Standards (NEW)	61.0	50.0	58.0	85.0	85.0
Protect the Public	Average Number of Days to Process an Original Permit Application for a New Alcohol or Tobacco Business	69.0	81.0	84.0	DISC	DISC
Protect the Public	Customer Satisfaction Rate with TTB Permitting Process (NEW)	N/A	N/A	B	80.0	80.0
Protect the Public	Percent of Electronically Filed Label and Formula Applications (NEW)	88.0	90.0	93.0	94.0	95.0
Protect the Public	Percentage of Alcohol Beverage Label and Formula Applications Processed within Service Standards (NEW)	83.0	49.0	67.0	85.0	85.0
Protect the Public	Percent of Electronically Filed Certificate of Label Approval Applications	91.0	92.0	94.0	DISC	DISC
Protect the Public	Percentage of Importers Identified by TTB as Operating without a Federal Permit	13.0	11.0	15.0	DISC	DISC

Key: DISC - Discontinued and B - Baseline

Description of Performance

The bureau continues to collect the federal excise taxes due on its regulated commodities in a highly efficient manner, and continues to enforce compliance with alcohol and tobacco laws and regulations. During FY 2014, TTB met two out of five of its targeted performance goals, and made substantial progress in its initiatives intended to improve performance in all other performance metrics. The bureau plans to continue to monitor its performance, and will use performance information to improve the effectiveness of its programs.

The investments in the Collect the Revenue activity resulted in the following performance highlights and accomplishments during FY 2014:

- TTB collected $22.2 billion in excise taxes and other revenues from over 10,500 taxpayers in the alcohol, tobacco, firearms, and ammunition industries. The return on investment for the Collect the Revenue program was $457 for every $1 expended on collection activities.
- In three years of operating, TTB opened 72 criminal cases involving the diversion of alcohol and tobacco products. These cases represent approximately $345 million in tax evasion and, in FY 2014, the total amount of tax loss at issue in prosecuted cases exceeded $149 million. TTB's enforcement efforts also resulted in an additional $117 million in seizures and forfeitures.
- TTB completed more than 400 audits, examinations, and revenue investigations, which contributed to the identification of additional tax revenue of approximately $62 million.
- TTB processed $312 million in cover-over payments to Puerto Rico and the U.S. Virgin Islands. Federal excise taxes collected on rum produced in Puerto Rico and the Virgin Islands that are subsequently imported into the United States are "covered-over," or paid into the treasuries of Puerto Rico and the U.S. Virgin Islands.
- TTB processed $316 million in drawback claims. Under current law, persons who use nonbeverage alcohol in the manufacture of medicines, food products, flavors, extracts, or perfume and other non-potable products may be eligible to claim drawback of excise taxes paid on distilled spirits used in their products.

The investments in Protect the Public activity resulted in the following performance highlights and accomplishments during FY 2014:

- TTB issued over 125,000 COLAs to ensure compliance with the FAA Act provisions that prevent consumer deception. TTB also achieved a 94 percent electronic filing rate for alcohol beverage label applications. Federal law prohibits the import or domestic bottling of an alcohol beverage without an approved COLA, making this TTB service integral to U.S. business operations.
- TTB issued more than 6,100 federal permits. A TTB permit or registration is required before a business can lawfully operate in the alcohol and tobacco industries. TTB ensures a fair and lawful marketplace and protects consumers by screening permit applicants to ensure only qualified persons engage in operations in the alcohol and tobacco industries.
- TTB completed more than 600 field investigations of industry members in the areas of permit qualification, consumer complaints, trade practice violations, and product integrity verifications, all of which serve the bureau's dual mission of revenue collection and consumer protection.

Fiscal Service

Program Summary by Budget Activity

Dollars in Thousands

Budget Activity	FY 2014 Enacted	FY 2015 Enacted	FY 2016 Request	FY 2015 TO FY 2016 $ Change	FY 2015 TO FY 2016 % Change
Collections	21,531	$24,293	26,609	2,316	9.53%
Do Not Pay Business Center	5,000	$5,064	5,116	52	1.03%
Government Agency Investment Services	13,704	$13,055	13,074	19	0.15%
Government-wide Accounting and Reporting	65,486	$65,486	68,553	3,067	4.68%
Payments	126,636	$121,715	133,179	11,464	9.42%
Retail Securities Services	100,789	$95,237	94,145	(1,092)	-1.15%
Summary Debt Accounting	4,737	$4,325	4,243	(82)	-1.90%
Wholesale Securities Services	22,282	$19,009	18,931	(78)	-0.41%
Subtotal, Fiscal Service	**$360,165**	**$348,184**	**$363,850**	**$15,666**	**4.50%**
Offsetting Collections - Reimbursables	$239,342	$216,863	$227,901	$11,038	5.09%
Total Program Operating Level	**$599,507**	**$565,047**	**$591,751**	**$10,704**	**-1.84%**
Direct FTE	1,676	1,636	1,586	(50)	-3.06%
Reimbursable FTE	714	714	701	(13)	-1.82%
Total FTE	**2,390**	**2,350**	**2,287**	**(63)**	**-2.68%**

* A portion of the Reimbursable/Fee FTE is funded by fee revenue as authorized by the Debt Collection Improvement Act of 1996 (DCIA)

Summary

The Bureau of the Fiscal Service (Fiscal Service) is guided by its vision to transform the way the government manages its finances and delivers shared services. Our efforts are focused on maximizing efficiencies, transparency, and accountability with the goal of improving government-wide financial management and the delivery of shared services. These themes are reinforced through our Strategic Goals which promote leadership and innovation, an engaged and highly effective workforce, delivery of exceptional programs and services, data transparency and usefulness, and expansion of shared services.

Fiscal Service FY 2016 Budget Highlights

Dollars in Thousands

Fiscal Service	FTE	Amount
FY 2015 Enacted	**1,636**	**$348,184**
Changes to Base:		
Maintaining Current Levels (MCLs):	-	$5,888
Pay-Raise	-	$2,382
Pay Annualization	-	$609
FERS Contribution Increase	-	$911
Non-Pay	-	$1,986
Efficiency Savings:	(50)	($8,480)
Rent and Space Savings	-	($1,900)
Consolidation Savings	(50)	($6,580)
Subtotal Changes to Base	(50)	($2,592)
Total FY 2016 Base	**1,586**	**$345,592**
Program Changes:		
Program Decreases:	-	($1,530)
Retail Securities Services Savings	-	($1,308)
Summary Debt Accounting Savings	-	($119)
Wholesale Securities Services Savings	-	($103)
Program Increases:	-	$19,788
DATA Act Implementation	-	$19,788
Total FY 2016 Request	**1,586**	**$363,850**

FY 2016 Budget Adjustments

Adjustments to Request

Maintaining Current Level (MCLs)

Pay-Raise +$2,382,000 / +0 FTE

Funds are requested for the proposed January 2016 pay-raise.

Pay Annualization +$609,000 / +0 FTE

Funds are requested for annualization of the January 2015 pay-raise.

FERS Contribution Increase +$911,000 / +0 FTE

Funds are requested for increases in agency contributions to the Federal Employee Retirement System based on updated actuarial estimates.

Non-Pay +$1,986,000 / +0 FTE

Funds are requested for inflation adjustments in non-labor costs such as travel, contracts, rent, supplies, and equipment.

Efficiency Savings

Rent and Space Savings -1,900,000 / +0 FTE

Savings are a result of releasing two floors in the Hyattsville, Maryland location in an effort to more efficiently utilize the space currently available and reduce the bureau footprint.

Consolidation Savings -6,580,000 / -50 FTE

As the Fiscal Service continues the integration efforts related to the consolidation, savings are realized from staff rationalization through the elimination of duplicate positions and restructuring of the workforce, with personnel separating by attrition.

Program Decreases

Retail Securities Services Savings -$1,308,000 / +0 FTE

Identified anticipated savings related to contracts being re-bid as well as decreased printing costs.

Summary Debt Accounting Savings -$119,000 / +0 FTE

Identified anticipated contracts savings associated with a minor decrease in audit expenses.

Wholesale Securities Services Savings -$103,000 / +0 FTE

Savings associated with decreases in printing, travel, supplies, and small contracts.

Program Increases

DATA Act Implementation +$19,788,000 / +0 FTE

Funding is requested to support the implementation of Treasury's responsibilities under the DATA Act. Specifically, Treasury, in collaboration with OMB, will lead the government-wide implementation of the DATA Act and associated financial data standards. Funds will also support activities associated with providing consistent, reliable, and searchable government-wide spending data on USAspending.gov as well as enhancing place-based reporting capabilities (referred to as geocoding).

Explanation of Budget Activities

Collections ($26,609,000 from direct appropriations and $245,000 from reimbursable resources)

The Collections Program supports Treasury's strategic objective "to improve the disbursement and collection of federal funds and reduce improper payments made by the U.S. government." The Fiscal Service manages the collection of federal revenues such as individual and corporate income tax deposits, customs duties, loan repayments, fines, and proceeds from leases. In addition, the Fiscal Service establishes and implements collection policies, regulations, standards, and procedures for the federal government.

Debt Collections ($0 from direct appropriations, $128,733,000 from reimbursable resources)
The Debt Collection Program supports Treasury's strategic objective "to improve the disbursement and collection of federal funds and reduce improper payments made by the U.S. government." Fiscal Service collects delinquent Federal, state, and child support debt by providing centralized debt collection, oversight, and operational services to federal program agencies and states pursuant to the Debt Collection Improvement Act of 1996 (DCIA) and related legislation. The Fiscal Service uses two debt collection programs: Treasury Offset Program (TOP) and Cross-Servicing.

Do Not Pay (DNP) Business Center ($5,116,000 from direct appropriations and $871,000 from reimbursable resources) DNP provides a single centralized way to access timely, reliable, and actionable data and information that can help identify, prevent, detect, and recover improper payments throughout the payment life cycle while protecting individuals' privacy. Additionally, the DNP working system is integrated into the Treasury payment stream, enabling just-before-payment checks of selected data sources.

Government Agency Investment Services ($13,074,000 from direct appropriations, and $2,385,000 from reimbursable resources)
The Government Agency Investment Services program consists of three distinct components: Federal Investments, Special Purpose Securities, and Federal Borrowings. The Federal Investments component includes issuing, servicing, and redeeming Government Account Series securities for federal agencies that have legislative authority to invest. The Special Purpose Securities component offers a flexible alternative for state and local governments to refinance their outstanding tax-exempt debt. The Federal Borrowings component represents Treasury's role in the federal loan program.

Government-wide Accounting and Reporting ($68,553,000 from direct appropriations and $1,509,000 from reimbursable resources) The Government-wide Accounting and Reporting (GWA) activity accounts for the monetary assets and liabilities of the Federal government. It also works with Federal agencies to adopt uniform accounting and reporting standards and provides support, guidance, and training to assist Financial Program Agencies in improving their Government-wide accounting and reporting responsibilities. GWA gathers and publishes government-wide financial information which is used in establishing fiscal and debt management policies and is also used by the public and private sectors to monitor the government's financial status.

Payments ($133,179,000 from direct appropriations, and $71,916,000 from reimbursable resources)
The Payments activity issues and distributes payments, develops and implements Federal payment policy and procedures, promotes the use of electronics in the payment process, and assists agencies in converting payments from paper checks to Electronic Funds Transfer (EFT). This activity also includes controlling and providing financial integrity to the payments process through reconciliation, accounting, and claims activities. Additionally, it collects monies from those parties liable for fraudulent or otherwise improper negotiation of government checks.

Retail Securities Services ($94,145,000 from direct appropriations and $17,540,000 from reimbursable resources)
The Retail Securities Services (RSS) Program offers simple, safe, and affordable securities that enable Americans to save for their future.

Products are targeted toward small investors looking to securely build savings. The program serves more than 50 million investors by processing millions of transactions annually. In support of the President's initiative to help millions of Americans start saving for retirement, *myRA*, a new retirement savings account following Roth Individual Retirement Account rules, was launched in FY 2015.

Summary Debt Accounting ($4,243,000 from direct appropriations, and $824,000 from reimbursable resources)

The Summary Debt Accounting (SDA) program produces daily reports on the balances and composition of the public debt, the *Monthly Statement of the Public Debt*, and the annual, audited *Schedules of Federal Debt*, which reports on the single largest liability in the annual Financial Report of the U.S. Government. SDA also consistently receives unqualified opinions on the *Schedules of Federal Debt*.

Wholesale Securities Services ($18,931,000 from direct appropriations and $3,878,000 from reimbursable resources)

The Wholesale Securities Services program is responsible for the announcement, auction issuance, and settlement of marketable Treasury bills, notes, bonds, and Treasury Inflation-Protected Securities. It also oversees an infrastructure that provides for the transfer, custody, and redemption of all Treasury marketable securities, which are purchased mostly by commercial market participants.

Legislative Proposals

1. Increase delinquent state income tax debt collections. Allow offset of federal income tax refunds to collect delinquent state income taxes for out-of-state residents. *Estimated collections: $1.2 billion in state taxes over 10 years (no federal revenue)*

Under current law, the U.S. Department of the Treasury, Bureau of the Fiscal Service, may offset federal tax refunds to collect delinquent state income tax obligations but only if the delinquent taxpayer resides in the state collecting the tax. This proposal would allow the Fiscal Service to offset federal income tax refunds to collect delinquent state tax obligations regardless of where the debtor resides. For further details on this proposal, please see the Treasury Green Book.

2. Reduce costs for states collecting delinquent income tax obligations.
Estimated savings: $142.9 million over 10 years (no federal revenue)

Under current law, the U.S. Department of the Treasury, Bureau of the Fiscal Service, may offset federal tax refunds to collect delinquent state income tax obligations only after the state sends the delinquent debtor a notice by certified mail. The statutory notice requirements for federal tax refund offset for all other types of debts, including federal non-tax, child support, and state unemployment insurance compensation debts, are silent as to the notice delivery method. Federal tax refund offset regulations for all debts other than state income tax obligations require federal and state creditor agencies to send notices by regular first class mail. Similarly, notice requirements for other debt collection actions, including administrative wage garnishment, do not require delivery by certified mail. This proposal would allow the Fiscal Service to amend its regulations to permit states to send notices for state income tax obligations by first class mail, saving states certified mail costs and standardizing notice procedures across debt types.

3. Increase delinquent federal tax debt collections. Increase levy authority for payments to Medicare providers with delinquent tax debt. *Estimated collections: $514 million over 10 years*

The Administration proposes a change to the Department of the Treasury's debt collection procedures that will increase the amount of delinquent taxes collected from Medicare providers. Under current law, Treasury is authorized to continuously levy up to 30 percent of a payment to a Medicare provider to collect delinquent tax debt. The proposal would allow Treasury to levy up to 100 percent of a payment to a Medicare provider to collect unpaid taxes, effective for payments made after the date of enactment. For further details on this proposal, please see the Treasury Green Book.

4. Increase delinquent federal non-tax debt collections. Authorize administrative bank garnishment for non-tax debts. *Estimated collections: $320 million over 10 years*

To reach income of commercial entities and other non-wage income and funds available to debtors owing delinquent non-tax obligations to the United States, this proposal would authorize agencies to issue garnishment orders to financial institutions without a court order. Agencies would be required to provide debtors with appropriate due process and other protections to ensure that debtors have had the opportunity to contest the debts and/or enter into repayment agreements to avoid issuance of an order. The Internal Revenue Service currently has similar authority to collect federal tax debts.

By way of background, the Debt Collection Improvement Act of 1996 (DCIA) authorized federal agencies to collect delinquent non-tax debt by garnishing the wages of debtors without the need to first obtain a court order. Since July 2001, the U.S. Department of the Treasury's Bureau of the Fiscal Service alone has collected $131.6 million in garnished wages (as of April 30, 2013) on behalf of federal agencies. In addition, the ability of agencies to garnish wages motivates many debtors to resolve outstanding delinquencies before such action can be initiated. This successful collection mechanism, however, reaches only those debtors who earn wages.

The proposed authority would be available only to garnish commercial accounts of debtors that owe delinquent non-tax debts, and would not be available to garnish consumer accounts. The legislation would direct the Secretary of the Treasury to issue government-wide regulations implementing this authority.

5. Increase and streamline recovery of unclaimed assets owed to the United States. Authorize Treasury to locate and recover assets of the United States and to retain a portion of amounts collected to pay for the costs of recovery. *Estimated Recoveries: $25 million over ten years*

States and other entities hold assets in the name of the United States or in the name of departments, agencies, and other subdivisions of the Federal Government. Many agencies are not recovering these assets due to lack of expertise and funding. Under current authority, Treasury collects delinquent debts owed to the United States and retains a portion of collections, which is the sole source of funding for its debt collection operations. While unclaimed Federal assets are generally not considered to be delinquent debts, Treasury's debt collection operations personnel have the skills and training to recover these assets. This legislation would authorize Treasury to use its resources to recover assets of the United States.

6. Provide authority to contact delinquent debtors via their cell phones. *Estimated savings: $120 million over 10 years*

The Budget proposes to clarify that the use of automatic dialing systems and prerecorded voice messages is allowed when contacting wireless phones in the collection of debt owed to or granted by the United States. In this time of fiscal constraint, the Administration believes that the Federal Government should ensure that all debt owed to the United States is collected as quickly and efficiently as possible and this provision could result in millions of defaulted debt being collected. While protections against abuse and harassment are appropriate, changing technology should not absolve these citizens from paying back the debt they owe their fellow citizens. The proposal would also allow the Federal Communications Commission to implement rules to protect consumers from being harassed and contacted unreasonably.

Fiscal Service Performance by Budget Activity

Budget Activity	Performance Measure	FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Target	FY 2016 Target
Collections	Percentage Collected Electronically of Total Dollar Amount of Federal Government Receipts	97	97	98	98	98
Debt Collection	Amount of Delinquent Debt Collected Through All Available Tools ($ billions)	6.17	7.02	6.91	7.1	7.36
Government Agency Investment Services	Percent of Respondents Selecting the Highest Rating of Customer Satisfaction with Government Agency Investment Services (%)	60	61	57	58	59
Government-wide Accounting and Reporting	Percentage of Government-Wide Accounting Reports Issued Timely	99.86	100	100	100	100
Payments	Percentage of Treasury Payments and Associated Information Made Electronically	88	92.5	94	95	95.4
Retail Securities Services	Percentage of Retail Customer Service Transactions Completed within 5 Business Days (%)	75.7	74.5	89.7	88	88
Summary Debt Accounting	Cost Per Summary Debt Accounting Transaction ($)	22.47	19.86	16.36	17.53	17.72
Wholesale Securities Services	Percent of Auction Results Released Accurately (%)	100	99.6	99.3	100	100

Key: DISC - Discontinued and B - Baseline

Description of Performance

Collections: The measure, *Percentage Collected Electronically of Total Dollar Amount of Federal Government Receipts,* refers to the dollar value of collections received (settled) electronically. In FY 2014, 98 percent of revenue collections were settled electronically. The Fiscal Service expects to maintain an electronic collections rate of at least 98 percent in FY 2015 and FY 2016.

Debt Collection: In FY 2014, the Fiscal Service collected $6.91 billion in delinquent debt. The goal for FY 2015 and FY 2016 is to collect $7.1 billion and $7.36 billion, respectively, in delinquent debt through the expanding the use the administrative wage garnishment collection tool, enhanced use of analytics, and legislative changes such as the proposal to allow the Treasury to offset federal income tax refunds to collect delinquent state tax obligations regardless of where the debtor resides.

Do Not Pay (DNP) Business Center: Since the DNP Business Center was launched in FY 2012, significant progress has been made towards providing agencies a one-stop-shop to verify eligibility prior to issuing a payment. With the enactment of the Improper Payments Elimination & Recovery Improvement Act of 2012 (IPERIA), the DNP Business Center began supporting Executive Branch agencies in meeting the IPERIA requirement to verify all payments prior to issuance. The DNP program offers three options geared towards reducing improper payments: The Do Not Pay Portal, The Do Not Pay Data Analytics Service, and Payment Integration.

Government Agency Investment Services (GAIS):
The GAIS Program strives to provide high-quality customer service, reliable transaction processing, and accurate and timely payment distribution. To aid in measuring performance, the organization conducts an annual customer survey that focuses on both program and system satisfaction. Based on survey responses, the Fiscal Service plans to target areas of improvement with the intent to increase the percentage of customers rating GAIS as "Excellent." The Fiscal Service's target percentage for customers rating GAIS as "Excellent" is 58 percent in FY 2015 and 59 percent in FY 2016.

Government-wide Accounting and Reporting: In FY 2014, the Fiscal Service achieved its target of 100 percent timely provision of Government-wide Accounting reports. These reports include the Daily Treasury Statement, Monthly Treasury Statement, and Combined Statement. The Fiscal Service continues to achieve its targets by maintaining the established process of validating and reconciling data with reporting sources such as the Regional Finance Centers, FPAs, and various electronic deposit and payment applications. The bureau will continue modernization efforts to ensure the continued timeliness of these reports and anticipates it will achieve the 100 percent target for FY 2015 and FY 2016.

Payments: The measure *Percentage of Treasury Payments and Associated Information Made Electronically* supports the All Electronic Treasury priority. Due to the continued success of the Go Direct® and Direct Express® programs and implementation of the All Electronic Treasury priority, Fiscal Service has issued nearly 98 percent of its benefit payments and 94.4 percent of its total payments via EFT. Fiscal Service expects to achieve its targets in FY 2015 and FY 2016 by expanding electronic conversion efforts to additional benefit agencies and payment types, such as other vendor miscellaneous payments and federal tax refunds.

Retail Securities Services: In FY 2014, Fiscal Service completed 89.7 percent of retail customer service transactions within 5 business days. The annual target for FY 2015 and FY 2016 is 88 percent. Fiscal Service plans to meet performance targets by maintaining a skilled customer service workforce and streamlining operations to effectively manage costs.

Summary Debt Accounting: Summary Debt Accounting relies on cost per transaction to help manage the efficiency of the program. The actual FY 2014 cost was $16.36, which was below the target of $17.68. Minor application enhancements and increased system license fees will increase target costs to

$17.53 and $17.72 in FY 2015 and FY 2016, respectively.

Wholesale Securities Services: The accurate and timely release of auction results, with an emphasis on accuracy, is critical to the success of the Wholesale Securities Services Program. An emphasis on accuracy ensures preservation of public confidence in Treasury securities and stability of the financial market. Therefore, in FY 2016, Fiscal Service modified its performance measure from *Percent of Auction Results Released in Two Minutes +/- 30 Seconds* to *Percent of Auction Results Released Accurately*, with a target of 100 percent in FY 2016. Fiscal Service anticipates meeting its target through ongoing business process reviews and regularly scheduled contingency planning and mock auction exercises.

Internal Revenue Service

Program Summary by Appropriations Account and Budget Activity

Dollars in Thousands

Budget Activity	FY 2014 Actuals	FY 2015 Enacted	FY 2016 Request	FY 2015 TO FY 2016 $ Change	FY 2015 TO FY 2016 % Change
Taxpayer Services	$2,145,195	$2,156,554	$2,408,803	$252,249	11.70%
Pre-filing Taxpayer Assistance and Education	595,168	626,510	682,753	56,243	8.98%
Filing and Account Services	1,550,027	1,530,044	1,726,050	196,006	12.81%
Enforcement	$4,914,497	$4,860,000	$5,399,832	$539,832	11.11%
Investigations	601,740	602,298	713,282	110,984	18.43%
Exam and Collections	4,154,342	4,104,453	4,513,376	408,923	9.96%
Regulatory	158,415	153,249	173,174	19,925	13.00%
Operations Support	$3,722,599	$3,638,446	$4,743,258	$1,104,812	30.36%
Infrastructure	845,558	829,389	973,521	144,132	17.38%
Shared Services and Support	1,127,931	1,143,864	1,274,194	130,330	11.39%
Information Services	1,749,110	1,665,193	2,495,543	830,350	49.87%
Business Systems Modernization	$145,235	$290,000	$379,178	$89,178	30.75%
Subtotal Internal Revenue Service	**$10,927,526**	**$10,945,000**	**$12,931,071**	**$1,986,071**	**18.15%**
Reimbursables	97,840	119,000	127,000	8,000	6.72%
Offsetting Collections - Non Reimbursables	31,073	33,100	33,075	(25)	-0.08%
User Fees	419,145	462,360	450,360	(12,000)	-2.60%
Recovery from Prior Years	3,297				
Unobligated Balances from Prior Years	241,022	408,926	385,763	(23,163)	-5.66%
Transfers In/Out	17	7,561	(5,000)	(12,561)	-166.13%
Total Program Operating Level	**$11,719,920**	**$11,975,947**	**$13,922,269**	**$1,946,322**	**16.25%**
Direct FTE	82,643	81,279	90,524	9,245	11.37%
Resources from Other Accounts	9	3	3		
User Fee FTE[1]	1,151	191	191		
Reimbursable FTE	619	730	768	38	5.21%
Unobligated Balances from Prior Years[1]	339				
Total FTE	**84,761**	**82,203**	**91,486**	**9,283**	**11.29%**

[1]FTE funded by User Fees and Unobligated Balances from Prior Years are included in the direct civilian full-time equivalent employment line of the President's Appendix.

[2] Resources from Transfers In/Out include FY 2014 transfers betw een IRS and the Office of National Drug Control Policy (ONDCP) High Intensity Drug Trafficking Area (HIDTA) Program (net transfer $17K), FY 2015 transfers betw een IRS and Spectrum (net transfer $7.6M), and an FY 2016 transfer out to the Alcohol and Tobacco Tax and Trade Bureau (TTB) ($5M).

Summary

The Internal Revenue Service (IRS) collects the revenue to fund the government and administer the nation's tax laws. In FY 2014, the IRS processed more than 199 million tax returns and collected $3.1 trillion in taxes (gross receipts before tax refunds), 93 percent of federal government receipts. The IRS continues to focus on strengthening the public's confidence in its effective administration of the Nation's tax system.

Through taxpayer service and enforcement programs that protect the flow of revenue to the government, the IRS remains committed to making the tax law easier to access and understand, to improve voluntary compliance in order to reduce the tax gap, the difference between taxes owed and taxes paid on time, and to pursue those who evade or misrepresent their tax responsibility.

While the IRS continues to respond to new requirements and rapid changes, many of our innovative and far-reaching programs risk delay or cancellation without adequate funding. Over the last several years, the IRS has experienced significant budget reductions that are creating serious obstacles to its ability to fulfill its mission. Fortunately, the IRS has been able to execute successful filing seasons, despite these cuts, but this success is often at the expense of other important but less visible activities. Any deterioration in taxpayer services and enforcement creates a long-term risk for the U.S. tax system.

Total resources requested to support IRS activities for FY 2016 are $13,922,269,000. This includes $12,931,071,000 from direct appropriations, of which $667,297,000 is provided via a program integrity cap adjustment intended to improve the integrity of the tax system, an estimated $127,000,000 from reimbursable programs, and an estimated $385,763,000 from unobligated balances from prior years, and an estimated $450,360,000 from user fees. The direct appropriation is $1,986,071,000 more than the FY 2015 enacted level of $10,945,000,000.

The *IRS Strategic Plan* guides program and budget decisions and supports the Department of the Treasury *FY 2014 to 2017 Strategic Plan*, and the Agency Priority Goal of "increasing self-service options for taxpayers".

The IRS strategic goals provide a central direction for the attainment of its mission and vision. Our strategic foundation for organizational excellence supplements the strategic goals and describes the internal initiatives required to support taxpayer-facing actions.

> *Deliver high quality and timely service to reduce taxpayer burden and encourage voluntary compliance*
>
> *Effectively enforce the law to ensure compliance with tax responsibilities and combat fraud*

Each strategic goal is outcome-based and supported by several objectives. The strategic objectives to deliver high quality and timely service to reduce taxpayer burden and encourage voluntary compliance are:

- Design tailored service approaches with a focus on digital customer service to meet taxpayer needs, preferences, and compliance behaviors in order to facilitate voluntary compliance;
- Deliver clear and focused outreach, communications, and education programs to assist taxpayer understanding of tax responsibilities and awareness of emerging tax laws;
- Provide timely assistance through a seamless, multi-channel service environment to encourage taxpayers to meet their tax obligations and accurately resolve their issues;
- Strengthen refund fraud prevention and provide prompt assistance to support victims of identity theft;
- Reduce taxpayer burden and increase return accuracy at filing through timely and efficient tax administration processing;
- Improve service delivery and support effective tax administration by fostering strong relationships with the tax community and government partners; and

- Enhance the quality of tax services by strengthening the outreach, education, and tools provided to the tax professional community.

The strategic objectives to effectively enforce the law and to ensure compliance with tax responsibilities and combat fraud are:

- Enforce domestic and international compliance by strengthening expertise, adopting innovative approaches, and streamlining procedures;
- Deter and promptly resolve noncompliance by protecting revenue from refund fraud and ensuring appropriate revenue collection;
- Build and maintain public trust by anticipating and addressing the tax-exempt sector's need for a clear understanding of its tax law responsibilities;
- Identify trends, detect high-risk areas of noncompliance, and prioritize enforcement approaches by applying research and advanced analytics;
- Address noncompliance by improving data, information, and knowledge sharing with tax community and government partners; and
- Improve compliance and reduce the risk of fraud through strong partnerships with the tax professional community.

The IRS strategic foundation consists of the following objectives:

- Be the best place to work in government by building a highly talented, diverse workforce and cultivating an inclusive and collaborative environment;
- Ensure a secure environment that protects the safety of people and security of facilities;
- Implement and maintain a robust enterprise risk management program that identifies emerging risks and mitigates them before they impact performance;
- Realize operational efficiencies and effectively manage costs by improving enterprise-wide resource allocation and streamlining processes;
- Invest in innovative, secure technology needed to protect taxpayer data and support taxpayer, partner, and business needs; and
- Implement enterprise-wide analytics and research capabilities to make timely, informed decisions.

Taxpayer Service Program: The FY 2016 President's Budget request will allow the IRS to further improve customer service to meet taxpayer demand and continue delivering services to taxpayers.

Providing quality taxpayer service is especially important to help taxpayers avoid making unintentional errors. Assisting taxpayers with their questions before they file their returns prevents inadvertent noncompliance and reduces burdensome post-filing notices and other correspondence from the IRS. Taxpayer demand for self-service and electronic service options at the IRS has dramatically increased in recent years. The IRS continues its commitment to increasing the service options available through the IRS website and mobile application, allowing more taxpayers to reach the IRS through the internet. In FY 2014, there were more than 437 million visits to *www.IRS.gov*, and taxpayers checked their refund status more than 189 million times by accessing the *Where's My Refund?* web application in English or in Spanish on the IRS website. Taxpayers also used the automated features on the IRS toll-free phone system. Additionally, the IRS2Go mobile application has been downloaded 5.4 million times since its release.

Enforcement Program: The FY 2016 request provides funding to implement Foreign Account Tax Compliance (FATCA) (Public Law 111-147), Affordable Care Act (ACA) (Public Law 111-148), and Information Return Document Matching (IRDM) of merchant payment card and third party reimbursements and basis reporting; protect revenue by reducing the instances of refund fraud, including tax-related identity theft; restore eroding examination and collection enforcement programs; expand criminal investigation capabilities; and address compliance issues in the tax-exempt sector.

Increased resources for the IRS compliance programs yield direct, measurable results through high return on investment (ROI) activities. The FY 2016 Budget includes a $667 million program integrity cap adjustment that will reduce the deficit through above-base funding for high-ROI tax enforcement and compliance programs, of which $5 million will be transferred to the Alcohol and Tobacco Tax and Trade Bureau (TTB). Of the remaining $662 million requested in the program integrity cap adjustment, $421 million is for traditional revenue-producing initiatives estimated to generate $2,799 million in additional annual enforcement revenue, achieving an FY 2018 ROI of $6.4 to $1.0. Notably, the ROI is likely understated because it only includes amounts received; it does not reflect the effect enhanced enforcement has on deterring non-compliance. This deterrent effect helps to ensure the continued payment of over $3 trillion in taxes paid each year without direct enforcement measures. The program integrity cap also includes $91 million to protect revenue, $37 million for a revenue-enhancing initiative, and $315 million for other compliance-related initiatives in the Operations Support account.

New investments are also proposed beyond FY 2016, with cap adjustments through FY 2020 and sustained through additional adjustments through 2025. The activities and new initiatives funded out of the cap adjustments through 2025 will generate approximately $60 billion in additional revenue over 10 years and will cost about $19 billion for an estimated net savings of $41 billion.

Business Systems Modernization: IRS modernization efforts focus on building and deploying advanced information technology systems, processes, and tools to improve efficiency and enhance productivity. The FY 2016 request will allow the IRS to continue leveraging new technologies to develop critical information technology systems needed to support the IRS's taxpayer service and enforcement programs. As part of the $88 million increased funding, the IRS plans to invest in an enterprise case management system that will provide a standardized solution for performing case management functions. The Enterprise Case Management (ECM) solution will address the need to modernize, upgrade, and consolidate multiple aging IRS case management systems. In addition, the request will allow the IRS to expand the capabilities of the Customer Account Data Engine 2 (CADE 2) relational database which will be replacing other antiquated systems and become the tax data system-of-record, as well as address a financial material weakness. Funding will lead the IRS transition to digital government through web applications that will enhance the taxpayer's online experience, provide secure digital communications, and add more interactive capabilities to existing web self-service products. Additional resources will enhance the development, testing, and deployment of various estate and gift tax forms for electronic acceptance and increase fraud detection, resolution, and prevention through use of the Return Review Program (RRP).

IRS FY 2016 Budget Highlights

Dollars in Thousands

Appropriation	Taxpayer Services		Enforcement		Operations Support		Business Systems Modernization		Total	
	$000	FTE	$000	FTE	$000	FTE	$000	FTE	$000	FTE
FY 2015 Enacted	**$2,156,554**	**28,274**	**$4,860,000**	**40,564**	**$3,638,446**	**12,043**	**$290,000**	**398**	**$10,945,000**	**81,279**
FY 2016 Changes to Base:										
Maintaining Current Levels (MCLs):	**$52,822**		**$81,120**		**$65,512**		**$1,223**		**$200,677**	
Pay Annualization	4,837		11,875		4,093		197		21,002	
Pay Raise (1.3%)	18,910		46,428		16,004		770		82,112	
Non-Pay	3,571		5,171		39,968				48,710	
FERS Contribution Increase	7,362		16,488		5,447		256		29,553	
Federal Employees Health Benefits (FEHB) Program Modification	18,142		1,158						19,300	
Efficiencies/Savings:	**($18,399)**	**(61)**			**($32)**				**($18,431)**	**(61)**
Increase e-File Savings	(2,374)	(46)			(32)				(2,406)	**(46)**
HCTC Program Termination	(16,025)	(15)							(16,025)	**(15)**
Reinvestment:					**$16,025**				**$16,025**	
Expand Telecom Infrastructure to Handle Increased Demand					16,025				16,025	
Subtotal FY 2016 Changes to the Base	**$34,423**	**(61)**	**$81,120**		**$81,505**		**$1,223**		**$198,271**	**(61)**
FY 2016 Current Services (Base)	**$2,190,977**	**28,213**	**$4,941,120**	**40,564**	**$3,719,951**	**12,043**	**$291,223**	**398**	**$11,143,271**	**81,218**
Program Changes:										
Program Increases Before Cap Adjustment:	**$217,826**	**3,072**	**$106,612**	**1,075**	**$708,110**	**1,490**	**$87,955**	**178**	**$1,120,503**	**5,815**
Improve Taxpayer Services	183,142	2,806			118,381	164			301,523	2,970
Leverage New Technologies to Advance the IRS Mission					3,618		87,955	178	91,573	178
Implement Information Technology (IT) Changes to Deliver Tax Credits and Other Requirements					305,645	818			305,645	818
Improve Upfront Identification and Resolution of Identity Theft Returns	15,562	193			3,322				18,884	193
Implement Foreign Account Tax Compliance Act (FATCA)			33,625	321	37,380	140			71,005	461
Sustain Critical Information Technology (IT) Infrastructure					188,514	157			188,514	157
Address Impact of Affordable Care Act (ACA) Statutory Requirements	108	1	44,775	432	22,323	50			67,206	483
Enhance Service Options for Taxpayers	13,891	45			2,352	9			16,243	54
Restore Staffing for Essential Support Programs					19,938	152			19,938	152
Increase Service for Low-Income Taxpayers and Taxpayers in Need of Hardship Relief	5,123	27			596				5,719	27
Implement Merchant Card and Basis Matching			28,212	322	6,041				34,253	322
Total Request Before Cap Adjustment	**$2,408,803**	**31,285**	**$5,047,732**	**41,639**	**$4,428,061**	**13,533**	**$379,178**	**576**	**$12,263,774**	**87,033**
Cap Adjustment Program Increases:										
Enforcement Initiatives:			**$347,100**	**3,161**	**$203,123**	**229**			**$550,223**	**3,390**
Prevent Identity Theft and Refund Fraud			47,738	358	34,424	62			82,162	420
Increase Audit Coverage			97,353	1,038	64,456	61			161,809	1,099
Improve Audit Coverage of Large Partnerships			13,722	107	2,527				16,249	107
Address International and Offshore Compliance Issues			35,206	238	5,451				40,657	238
Enhance Collection Coverage			83,236	986	39,594	48			122,830	1,034
Leverage Data to Improve Case Selection			5,111	14	33,949	45			39,060	59
Address Compliance Risks in the Tax-Exempt Sector			15,511	146	7,951	13			23,462	159
Pursue Employment Tax and Abusive Tax Schemes			8,677	52	8,509				17,186	52
Enhance Investigations of Transnational Organized Crime (TOC)			37,161	194	5,367				42,528	194
Ensure Ethical Standards of Conduct for Practitioners			3,385	28	895				4,280	28
Infrastructure Initiatives:					**$112,074**	**101**			**$112,074**	**101**
Consolidate and Modernize IRS Facilities					85,456	74			85,456	74
Maintain Integrity of Revenue Financial Systems					12,162	7			12,162	7
Implement Agency Wide Shared Services Priorities					10,992	9			10,992	9
Implement Federal Investigative Standards					3,464	11			3,464	11
Alcohol and Tobacco Tax and Trade Bureau (TTB) Program Integrity Transfer:			**$5,000**						**$5,000**	
Transfer to TTB for High-Return on Investment (ROI) Tax Enforcement Activities			5,000						5,000	
Subtotal FY 2016 Cap Adjustment			**$352,100**	**3,161**	**$315,197**	**330**			**$667,297**	**3,491**
Total FY 2016 Budget Request	**$2,408,803**	**31,285**	**$5,399,832**	**44,800**	**$4,743,258**	**13,863**	**$379,178**	**576**	**$12,931,071**	**90,524**

FY 2016 Budget Adjustments

Maintaining Current Level (MCLs)

Pay Annualization +$21,002,000 / 0 FTE

Funds are requested for annualization of the January 2015 pay raise.

Pay Raise +$82,112,000 / 0 FTE

Funds are requested for the proposed January 2016 pay raise.

Non-Pay +$48,710,000 / 0 FTE

Funds are requested for inflation adjustments in non-labor costs such as travel, contracts, rent, supplies, and equipment.

FERS Contribution Increase +$29,553,000 / 0 FTE

Funds are requested for increases in agency contributions to the Federal Employee Retirement System based on updated actuarial estimates.

Federal Employees Health Benefits (FEHB) Program Modification +$19,300,000 / 0 FTE

Funds are requested to modify eligibility for coverage under the Federal Employees Health Benefits (FEHB) Program to certain temporary, seasonal, and/or intermittent employees.

Efficiency Savings

Increase e-File Savings -$2,406,000 / -46 FTE

These savings are a result of reduced paper returns. The IRS projects a total of 1,026,100 fewer returns filed on paper (525,100 individual and 501,000 business returns).

HCTC Program Termination -$16,025,000 / -15 FTE

This program was terminated January 1, 2014, as provided by the Trade Adjustment Assistance Extension Act of 2011 (TAA Reauthorization) (Public Law 112-40).

Reinvestment

Expand Telecom Infrastructure to Handle Increased Demand +$16,025,000 / 0 FTE

This reinvestment expands the Customer Service Representative (CSR) toll-free call center telecommunication infrastructure to allow the IRS to answer the additional telephone calls expected to result from implementation of the ACA (Public Law 111-148). The requested funding covers expanded telecommunications infrastructure and equipment, hardware for high-speed internet connections, and encryption technology.

Program Increases

Improve Taxpayer Services +$301,523,000 / +2,970 FTE

This initiative will fund additional staff to increase the CSR telephone level of service (LOS) to 80 percent. Resources are needed to meet the increased demand for taxpayer face to face assistance resulting from ACA implementation; expand staffing to assist with managing the ACA submission processing workload; provide advanced technology to electronically receive amended returns; and increase outreach and communications activities.

Leverage New Technologies to Advance the IRS Mission +$91,573,000 / +178 FTE

This initiative will implement an Enterprise Case Management (ECM) solution for performing standard case management functions across the IRS; expand the capabilities of the CADE 2 relational database and address a financial material weakness; enhance the taxpayer's online experience and provide secure digital communications; complete the design and development of various Estate and Gift tax forms for electronic acceptance; and increase fraud detection, resolution, and prevention through use of the RRP.

Implement Information Technology (IT) Changes to Deliver Tax Credits and Other Requirements +$305,645,000 / +818 FTE

This initiative will allow the IRS to continue to implement the new tax law provisions contained in the ACA. While the Department of Health and Human Services is responsible for the health care policy and insurance provisions in the legislation, the IRS administers more than 45 specific tax provisions and numerous cross-agency sections related to tax administration. This investment supports the administration of one of the largest refundable tax credits the IRS has administered. The investment touches all submission, fraud, and compliance tax administration processes to receive, validate, and handle individual and business tax returns. The investment also will provide enhanced technology infrastructure and applications support and allow necessary, major modifications to existing IRS tax administration systems.

Improve Upfront Identification and Resolution of Identity Theft Returns +$18,884,000 / +193 FTE

This initiative strengthens the integrity of the tax system by improving IRS's ability to detect and prevent improper refunds. Resources will allow the IRS to expand programs to prevent identity theft-related refund fraud, protect taxpayer identities, and assist victims of identity theft.

Implement Foreign Account Tax Compliance Act (FATCA) +$71,005,000 / +461 FTE

This initiative provides funding for enforcement staff to implement new reporting, disclosure, and withholding requirements mandated by FATCA that were enacted in the Hiring Incentives to Restore Employment Act of 2010 (Public Law 111-147). This initiative will allow the IRS to address foreign withholding compliance and expand coverage of international tax return filings. This initiative is expected to produce additional annual enforcement revenue of $155.1 million once the new hires reach full potential in FY 2018, an ROI of $2.3 to $1.

Sustain Critical Information Technology (IT) Infrastructure +$188,514,000 / +157 FTE

This initiative will restore resources for mainframes, servers, laptops, network devices, and communication equipment to keep IT infrastructure (hardware and software) current for existing and newly developed IRS IT systems. The IRS's IT division provides technology services and solutions that drive effective tax administration, improve service, modernize systems, and ensure the security and resiliency of IRS information systems and data. Funding will enhance systems security to help anticipate evolving threats; increase reliability of enterprise infrastructures to support the increasing number of tax forms submitted electronically; improve risk mitigation capabilities; increase the use of cloud and virtual environments; and expand the use of the next generation of advanced telecommunication technologies.

Address Impact of ACA Statutory Requirements +$67,206,000 / +483 FTE

As the tax law changes, the IRS must implement programs to ensure that taxpayers understand the new laws, and that the IRS can address noncompliance. The new ACA tax provisions strengthen oversight of tax exempt hospital organizations and include new fees on manufacturers and importers of branded prescription drugs and health insurers. This initiative also expands the compliance coverage of tax-exempt hospital organizations by refining the community benefit reviews and by leveraging this data to conduct examinations; expands coverage of new provisions related to the premium tax credit, individual responsibility requirement, and large employer insurance; and addresses new audit requirements related to the shared employer responsibility payment.

This initiative includes a $60.8 million initial investment in traditional revenue-producing activities that are expected to annually produce additional enforcement revenue of $181.7 million, once the new hires reach full potential in FY 2018, an ROI of $2.8 to $1, and an initial investment of $6.4 million in revenue-protecting activities that are expected to protect $88.7 million of revenue, a protected ROI of $12.2 to $1.

Enhance Service Options for Taxpayers +$16,243,000 / +54 FTE

The IRS is developing a customer-centric strategy known as Service on Demand (SOD) strategy. SOD will focus on improving the taxpayer experience by understanding their wants, needs, and service channel preferences. By creating new digital capabilities and reducing the burden on taxpayers, SOD will change the IRS's relationship with taxpayers and will allow earlier and more frequent engagement. This initiative will improve the speed and convenience of interacting with the IRS.

Restore Staffing for Essential Support Programs +$19,938,000 / +152 FTE

This initiative will provide staffing for IRS support organizations to address base functional requirements that have been challenged by the staffing constraints experienced since FY 2011. In order to continue to provide services at an optimal level, additional staffing is required to provide effective procurement, security, and employee support services; develop and enhance human capital and financial management; support research to improve tax administration; and protect taxpayer privacy.

Increase Service for Low-Income Taxpayers and Taxpayers in Need of Hardship Relief +5,719,000 / +27 FTE

This initiative provides funding to support taxpayers facing financial hardship by increasing funding for the Low Income Taxpayer Clinic (LITC) Grant Program from $10 million to $12 million. It also increases funding for the Taxpayer Advocate Service (TAS) by $3.4 million for the TAS to address the anticipated workload resulting from increased IRS enforcement activities requested in the Budget.

Implement Merchant Card and Basis Matching +$34,253,000 / +322 FTE

This initiative will allow the IRS to take advantage of the reporting provisions for merchant payment card and third party reimbursements enacted in the Housing and Economic Recovery Act of 2008 (Public Law 110-289); and basis reporting on security sales enacted in the Emergency Economic Stabilization Act of 2008 (Public Law 110-343). These efforts will ensure business and individual taxpayers meet their tax obligations; investigate discrepancies related to payment card and securities basis reporting issues; and address fraud and criminal violations that will be uncovered as the IRS establishes broader compliance programs. This initiative is expected to produce additional annual enforcement revenue of $321.6 million, once the new hires reach full potential in FY 2018, an ROI of $11.1 to $1.

Prevent Identity Theft and Refund Fraud +$82,162,000 / +420 FTE

This initiative provides staffing and advanced technologies to handle the increased workload associated with identity theft and refund fraud. This initiative will improve upfront identification and resolution of identity theft; help the IRS address the backlog of identity theft cases associated with pre-refund and post-refund compliance activities; recover funds related to questionable refunds from external sources; prevent false tax returns filed by prisoners and reduce erroneous tax refunds; focus on bank accounts that receive multiple Automated Clearinghouse (ACH) or tax refund check deposits; continue the expansion of the specialized Criminal Investigation (CI) Identity Theft Clearinghouse that processes identity theft leads; and invest in information technology projects that will protect taxpayer information, help verify potentially fraudulent identity theft tax returns, and reduce erroneous payments.

This initiative includes a $2.7 million initial investment in traditional revenue-producing activities that are expected to produce additional annual enforcement revenue of $63.8 million, once the new hires reach full potential in FY 2018, an ROI of $20.6 to $1, and an initial investment of $79.4 million in revenue-protecting activities that are expected to protect nearly $1.0 billion in revenue, a protected ROI of $13.2 to $1.

Increase Audit Coverage +$161,809,000 / +1,099 FTE

This initiative will allow the IRS to increase its examination program coverage over a broad range of compliance priorities. Tight budget constraints have eroded the examination staff available to conduct audits causing the individual audit coverage to decline below 0.9 percent. Due to growth in individual returns filed and the time required for new hires to reach full-working level, this initiative will still result in an individual coverage rate below 1.0 percent. Reduced coverage causes increased risk to the integrity of the voluntary tax compliance system. This initiative will provide additional field employees to reverse the decline in individual audit coverage; expand coverage of Employment tax returns and Estate and Gift tax returns; expand examinations; increase individual and business document matching programs to identify and reduce income misreporting; provide an imaging solution to support collaboration and improve exam efficiency; and improve the effectiveness of the litigation program by expediting both the analysis and sharing of electronic data during the lifecycle of Tax Court cases.

This initiative includes a $150.7 million initial investment in traditional revenue-producing activities that are expected to annually produce additional enforcement revenue of $1,266.7 million, once the new hires reach full potential in FY 2018, an ROI of $8.0 to $1, and an initial investment of $11.1 million in revenue-protecting activities that are expected to protect revenue of $112.1 million, a protected ROI of $8.8 to $1.

Improve Audit Coverage of Large Partnerships +$16,249,000 / +107 FTE

The resources requested in this initiative will increase the number of agents with specialized knowledge in partnership law, and strengthen enforcement activities relating to flow-through entities and improve compliance by enhancing Tax Equity and Fiscal Responsibility (TEFRA) procedures. This initiative is expected to produce additional annual enforcement revenue of $129.1 million, once the new hires reach full potential in FY 2018, an ROI of $7.6 to $1.

Address International and Offshore Compliance Issues +$40,657,000 / +238 FTE

This initiative will expand coverage of entities with undisclosed offshore accounts to ensure their compliance with required U.S. tax reporting. Funding will allow the IRS to promote voluntary compliance with U.S. laws through strategic enforcement actions directed at identifying U.S. taxpayers involved in abusive offshore tax schemes through banks, other financial institutions, and third party structures; expand information gathering and data analysis to identify promoters or facilitators of abusive offshore schemes; and expand the pursuit of international tax and financial crimes as well as grow the IRS Attaché presence.

This initiative is expected to produce additional annual enforcement revenue of $159.6 million, once the new hires reach full potential in FY 2018, an ROI of $3.7 to $1.

Enhance Collection Coverage +$122,830,000 / +1,034 FTE

This initiative will ensure that the IRS has sufficient resources to work the collection inventory and bring taxpayers who fail to pay their tax debt into compliance. These resources will allow the IRS to address growing collection case inventories and call volumes that have resulted from reduced staffing levels in recent years; increase coverage of the growing volume of employment tax cases among business taxpayers; improve service to taxpayers calling the Automated Collection System (ACS) to resolve their account delinquencies; provide resources for Campus Collection to reach out to taxpayers earlier in the collection process; help taxpayers experiencing economic hardship to resolve their liabilities through the Offers in Compromise (OIC) program; increase opportunities to expand new collection streams; develop IT solutions to provide better analytic models, case routing, and case resolution tools and techniques; expand the data available in the Compliance Data Warehouse (CDW); and improve the capability to identify nonfilers of business returns.

This initiative is expected to produce additional annual enforcement revenue of $1,179.7 million, once the new hires reach full potential in FY 2018, an ROI of $9.0 to $1.

Leverage Data to Improve Case Selection +$39,060,000 / +59 FTE

This initiative will improve data accessibility and usability for better case selection, issue identification, and treatment assignment. Taxpayer behaviors, including those of individuals, small businesses, and large corporate taxpayers, are constantly changing. The IRS must adapt quickly to changing taxpayer behavior to prevent fraud and tax code misuse. This initiative will increase the digital availability of tax return information; allow the IRS to identify taxpayer behavioral changes and test compliance responses promptly; optimize compliance case identification and treatment assignment to increase effectiveness while reducing risk-related costs; enhance IRS large corporate taxpayer issue identification/return selection activities; and provide skilled staff in areas such as machine learning, statistical modeling, and data mining.

Improved use of analytics will increase revenue collection and, while this is not included in the IRS's traditional ROI calculations, this initiative is projected to increase revenue by $75.4 million in FY 2018, achieving an ROI of $1.8 to $1.

Address Compliance Risks in the Tax-Exempt Sector +$23,462,000 / +159 FTE

This initiative will help the IRS build and maintain public trust by anticipating and addressing the tax-exempt sector's needs, encourage voluntary compliance, and effectively enforce the law to ensure compliance. It will enhance the streamlined application process for exempt organizations seeking tax-exempt status; protect taxpayer donations to charities; protect participants in retirement plans and their assets, which total over $23 trillion; provide voluntary correction opportunities related to employment taxes and retirement plans; improve service by integrating three separate determination application systems into one end-to-end system; and focus resources on areas with the greatest risk and ensure that all resources in the Tax Exempt and Government Entities arena are developed and deployed appropriately.

Pursue Employment Tax and Abusive Tax Schemes +$17,186,000 / +52 FTE

This initiative will enhance overall enforcement efforts, increase the number of convictions and assessments, and allow the IRS to apply network analysis to the investigation of abusive tax schemes. Network analysis software will proactively identify potentially noncompliant taxpayers in multiple program areas. These resources will improve the sharing of information among IRS operating divisions and expand the IRS's capability to identify significant tax cases.

Enhance Investigations of Transnational Organized Crime (TOC) +$42,528,000 / +194 FTE

This initiative will address the growth in criminal activity of a global nature by allowing IRS to hire special agents who will support the U.S. National Drug Control Strategy, the President's Strategy to Combat Transnational Organized Crime, and the National Money Laundering Strategy; increase investigations of third party money launderers and international banks; work with international partners to identify illicit financial networks that are utilized to launder the proceeds of TOC organizations; and strengthen the IRS's partnerships with domestic and international law enforcement agencies to more effectively fight transnational narcotics, money laundering, and terrorist organizations worldwide.

Ensure Ethical Standards of Conduct for Practitioners +$4,280,000 / +28 FTE

This initiative will allow the IRS's Office of Professional Responsibility (OPR) to conduct oversight of return preparers who represent taxpayers and are subject to Circular 230, Regulations Governing Practice Before the Internal Revenue Service. These resources will provide additional staff to handle the growing number of cases requiring litigation; establish three satellite offices strategically located across the country to handle disciplinary case conferences and related negotiations; and invest in technology to provide video conference capability and a system interface that will allow OPR to increase research capability and exchange referrals and other pertinent information electronically with the Return Preparer Office.

Consolidate and Modernize IRS Facilities +$85,456,000 / +74 FTE

This initiative will provide space renovation resources needed to alter and reduce office space throughout the IRS inventory and realize an estimated annual rent savings of $23 million. The IRS plans to reinvest the rent savings from this initiative to fund rent increases for the remaining buildings and for other new space reduction projects. Major reductions and consolidations are achievable at IRS occupied buildings where the following strategies can be implemented: reducing workstation size in accordance with revised National Workplace Standards; workspace sharing for frequent teleworkers and employees who work outside of their assigned post of duty more than 80 hours per month; and realignment of occupied workspace and consolidation of vacant workspace. In order for the IRS to take advantage of large scale rent reduction opportunities, additional funding will be needed.

Maintain Integrity of Revenue Financial Systems +$12,162,000 / +7 FTE

This initiative will support and improve the IRS's revenue financial accounting systems to ensure timely and accurate reporting of tax data. The revenue financial and accounting systems include the general ledger, which is required to reconcile and report to the Department of the Treasury on $3.1 trillion in revenue before refunds and $374 billion in individual and business tax refunds in FY 2014; produce the annual audited financial statements; and perform other operational and financial reporting on unpaid tax assessments currently identified by GAO as a material weakness. This initiative will allow the IRS to make the necessary system and programming changes to comply with OMB mandates, and to stay current with internal changes made to IRS's tax processing systems for tax administration that also affect financial reporting.

Implement Agency Wide Shared Services Priorities +$10,992,000 / +9 FTE

This initiative will allow the IRS to implement security measures to protect IRS employees, facilities, operations and information. This initiative consists of countermeasures to address the security risks identified during the FY 2010 Facility Risk Assessment in 191 IRS buildings, impacting over 70,000 employees. Resources will replace outdated security systems and implement solutions to vulnerabilities in the IRS facilities.

Implement Federal Investigative Standards +$3,464,000 / +11 FTE

This initiative will provide resources to support the financial responsibility determination required by Executive Order 13467, Reforming Processes Related to Suitability for Government Employment, Fitness for Contractor Employees, and Eligibility for Access to Classified National Security Information (June 30, 2008). The IRS will receive requests, and process and provide results to federal agencies conducting background investigations. The resources will establish a project office to define the process for completing and uploading consent-based tax check authorizations in accordance with IRC Section 6103 (c) to a central repository; establish standards for defining tax compliance, create an automated tax compliance extract; create a summary report that will be used by various federal agencies to support a suitability determination or grant a security clearance; and conduct associated federal tax compliance activities for employees and contractors if needed.

Transfer to TTB for High-Return on Investment (ROI) Tax Enforcement Activities +$5,000,000 / 0 FTE

The IRS will transfer $5 million to TTB for those high-ROI tax enforcement activities that produce additional revenue through program activities designated to narrow the federal excise tax gap on alcohol and tobacco commodities. More detailed information can be found in the TTB chapter of this volume.

Return on Investment (ROI) for IRS FY 2016 Enforcement Initiatives

Dollars in Millions	First Year (FY 2016)			Full Performance (FY 2018)		
	Cost	Revenue	ROI	Cost	Revenue	ROI
FY 2016 Revenue Producing Enforcement Initiatives	$586.7	$1,117.9	1.9	$595.0	$3,457.3	5.8
Revenue-Producing Enforcement Initiatives to Implement Enacted Legislation	$166.1	$256.5	1.5	$160.4	$658.4	4.1
Implement Foreign Account Tax Compliance Act (FATCA)	71.0	67.7	1.0	66.6	155.1	2.3
Implement Merchant Card and Basis Matching	34.3	124.2	3.6	29.0	321.6	11.1
Address Impact of Affordable Care Act (ACA) Statutory Requirements	60.8	64.6	1.1	64.8	181.7	2.8
Cap Adjustment Enforcement Initiatives	$420.6	$861.4	2.0	$434.6	$2,798.9	6.4
Immediate and Directly Measurable Revenue-Producing Initiatives	$333.1	$861.4	2.6	$352.8	$2,798.9	7.9
Address International and Offshore Compliance Issues	40.7	49.3	1.2	43.1	159.6	3.7
Increase Audit Coverage	150.7	397.5	2.6	158.5	1,266.7	8.0
Enhance Collection Coverage	122.8	345.9	2.8	131.2	1,179.7	9.0
Improve Audit Coverage of Large Partnerships	16.2	44.5	2.7	16.9	129.1	7.6
Prevent Identity Theft and Refund Fraud	2.7	24.2	9.0	3.1	63.8	20.6
Strategic Revenue-Producing Initiatives *(which do not have immediately measurable ROI, but clear long-term revenue effects)*	$87.5	$0.0	0.0	$81.8	$0.0	0.0
Address Compliance Risks in the Tax-Exempt Sector	23.5	0.0	0.0	24.6	0.0	0.0
Pursue Fraud Referrals, Employment Tax, and Abusive Tax Schemes	17.2	0.0	0.0	16.2	0.0	0.0
Enhance Investigations of Transnational Organized Crime	42.5	0.0	0.0	35.9	0.0	0.0
Ensure Ethical Standards of Conduct for Practitioners	4.3	0.0	0.0	5.1	0.0	0.0

Explanation of Budget Activities

Taxpayer Services

The FY 2016 President's Budget request is $2,408,803,000 in direct appropriations, an estimated $34,600,000 from reimbursable programs, an estimated $55,595,000 from user fees, and an estimated $14,100,000 from unobligated balances from prior years for a total operating level of $2,513,098,000. This appropriation funds the following budget activities.

Pre-filing Taxpayer Assistance & Education ($682,753,000 from direct appropriations)

This budget activity funds services to assist with tax return preparation, including tax law interpretation, publication, production, and advocacy services. In addition, funding for these programs supports taxpayer education, outreach, volunteer support time and locations, and pre-filing taxpayer support through electronic media.

Filing & Account Services ($1,726,050,000 from direct appropriations)

This budget activity funds programs that provide filing and account services to taxpayers, process paper and electronically submitted tax returns, issue refunds, and maintain taxpayer accounts.

Enforcement

The FY 2016 President's Budget request is $5,399,832,000 in direct appropriations, an estimated $39,400,000 from reimbursable programs, an estimated $33,075,000 from non-reimbursable offsetting collections, an estimated $13,010,000 from unobligated balances from prior years, an estimated $16,240,000 from user fees, and a $5,000,000 transfer out to the TTB for a total operating level of $5,496,557,000. To reduce future deficits, a portion of this appropriation, $352,100,000, is requested as part of the $667,297,000 total program integrity cap adjustment for the IRS, which is an above-base investment in tax enforcement and compliance programs, including a $5,000,000 transfer to TTB for high return on investment enforcement activities. In conjunction with specified funds provided in the IRS Operations Support account, the program integrity cap adjustment will support tax compliance initiatives expected to generate high returns on investment in the form of increased tax revenues. This appropriation funds the following budget activities.

Investigations ($713,282,000 from direct appropriations)

This budget activity funds the CI programs that explore potential criminal and civil violations of tax laws; enforce criminal statutes relating to violations of tax laws and other financial crimes; and recommend prosecution as warranted. These programs identify and document the movement of legal and illegal sources of income and instances of suspected intent to defraud. This budget activity also provides resources for international investigations involving U.S. citizens residing abroad, non-resident aliens, and expatriates, and includes investigation and prosecution of tax and money laundering violations associated with narcotics organizations.

Exam & Collections ($4,513,376,000 from direct appropriations)

This budget activity funds programs that enforce the tax laws and increase compliance through examination and collection and ensure proper payment and tax reporting. It also includes programs such as specialty tax examinations (employment tax, excise tax, and estate and gift tax exams), international collections, and international examinations. The budget activity also provides for campus support of the Questionable Refund program and associated appeals and litigation activities.

Regulatory ($173,174,000 from direct appropriations)

This budget activity funds the development and printing of published IRS guidance materials; interpretation of tax laws; internal advice to the IRS on general non-tax legal issues such as procurement, personnel, and labor relations; enforcement of regulatory rules, laws, and approved business practices; and support of taxpayers in the areas of pre-filing agreements, determination letters, and advance pricing agreements. The Return Preparer Program is funded within this activity in addition to the Office of Professional Responsibility, which identifies, communicates, and enforces the Treasury Circular 230 standards of competence, integrity, and conduct of professionals representing taxpayers before the IRS.

Operations Support

The FY 2016 President's Budget request is $4,743,258,000 in direct appropriations, an estimated $53,000,000 from reimbursable programs, an estimated $378,525,000 from user fees, and an estimated $131,787,000 from unobligated balances from prior years for a total operating level of $5,306,570,000. A portion of this appropriation, $315,197,000, is requested as part of the $667,297,000 program integrity cap adjustment for the IRS tax enforcement and compliance programs, which provides an above-base investment in these programs to reduce future deficits. In conjunction with specified funds provided to the IRS Enforcement account, the program integrity cap adjustment will support new tax compliance initiatives that are expected to generate high returns on investment in the form of increased tax revenues. This appropriation funds the following budget activities.

Infrastructure ($973,521,000 from direct appropriations)

This budget activity funds administrative services related to space and housing, rent and space alterations, building services, maintenance, guard services, and non-IT equipment.

Shared Services & Support ($1,274,194,000 from direct appropriations)
This budget activity funds policy management, IRS-wide support for research, strategic planning, communications and liaison, protection of sensitive information and the privacy of taxpayers and employees, finance, human resources, and equity, diversity, and inclusion programs. It also funds printing and postage, business systems planning, security, corporate training, legal services, procurement, and specific employee benefits programs.

Information Services ($2,495,543,000 from direct appropriations)
This budget activity funds staffing, equipment, and related costs to manage, maintain, and operate the information systems critical to the support of tax administration programs. This includes the design and operation of security controls and disaster recovery planning. This budget activity funds the development and maintenance of the millions of lines of programming code that support all aspects and phases of tax processing and the operation and administration of the mainframes, servers, personal computers, networks, and a variety of management information systems.

Business Systems Modernization

The FY 2016 President's Budget request is $379,178,000 in direct appropriations. This appropriation funds the following budget activity.

Business Systems Modernization ($379,178,000 from direct appropriations)
This budget activity funds the planning and capital asset acquisition of information technology (IT) to modernize IRS business systems, including labor and related contractual costs. It funds investments to systems which enhance the IRS's capability to detect, resolve, and prevent tax noncompliance, simplify the taxpayer's online experience, provide secure digital communications, and add more interactive capabilities to existing web self-service products. This budget activity ensures the IRS continues to move forward and use technologies to improve performance and change how taxpayers interact with the IRS.

Legislative Proposals

The FY 2016 President's Budget request includes a number of legislative proposals intended to reduce the tax gap and improve tax compliance with minimal taxpayer burden. The Treasury Office of Tax Analysis (OTA) estimates these new tax gap proposals will increase revenue by $84.3 billion over the next ten years, which includes $59.7 billion generated by program integrity cap adjustments. The IRS estimates the implementation costs for the FY 2016 President's Budget tax gap proposals to be $157.5 million (excluding the program integrity cap adjustments ten-year cost) over three years, including the initial startup, processing, and compliance operational costs. Note that in a few cases estimates are not yet available due to timing. The Administration proposes to expand information reporting and sharing, improve compliance by businesses, and strengthen tax administration. The Budget also proposes to amend the Balanced Budget and Emergency Deficit Control Act of 1985 (BBEDCA), as amended, to provide 10-years (FYs 2016-2025) of discretionary caps to permit program integrity cap adjustments, which cost about $19 billion while generating approximately $60 billion, for a net savings of $41 billion over the 10-year budget window.

The IRS requests Streamlined Critical Pay (SCP) authority through September 30, 2020. This SCP authority expired September 30, 2013. Currently there are approximately 30 senior employees under SCP appointments. If the SCP is not renewed, the IRS will not be able to recruit and retain top-level talent, especially IT professionals who can help protect taxpayer data from cyber-attacks and who are working to modernize the IRS's IT infrastructure. According to Treasury Inspector General for Tax Administration report 2015-IE-R001, *The Internal Revenue Service's Use of Its Streamlined Critical Pay Authority*, "Private sector expertise had been crucial to introducing new leadership to supplement in-house expertise, and the IRS had taken advantage of the private sector expertise by retaining the critical pay appointees whenever feasible."

IRS Performance by Program

Programs	Performance Measure	FY 2011 Actual	FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Target	FY 2016 Target
Taxpayer Services	Customer Service Representative (CSR) Level of Service (%)	70.1	67.6	60.5	64.4	38.0	80.0
Taxpayer Services	Percent of Individual Returns Processed Electronically (%)	76.9	80.5	82.5	84.1	84.6	85.0
Enforcement	Automated Collection System (ACS) Accuracy (%)	94.9	94.7	94.4	95.2	94.0	94.0
Enforcement	Examination Coverage - Individual (%)	1.1	1.0	1.0	0.9	0.8	0.8
Enforcement	Conviction Rate (%)	92.7	93.0	93.1	93.4	92.0	92.0

Description of Performance

In FY 2014, the IRS continued to provide quality service to taxpayers and enforce the laws in a balanced manner, but was unable to maintain some of its performance levels due to resource constraints. Nevertheless, IRS continued to deliver in key areas, including international, tax exempt, and refund fraud, including identity theft.

Taxpayer Services

Providing taxpayers top-quality service and helping them understand and meet their tax obligations remain top priorities for the IRS. The IRS strives to deliver high quality and timely service to taxpayers and stakeholders. Although the IRS had significant accomplishments serving taxpayers in FY 2014, budget constraints forced the IRS to focus on its top priorities and reduce funding in many areas.

The IRS process for programming and testing systems was delayed by a month due to the lapse in federal appropriations in October 2013. Despite this delay and significant resource constraints, the IRS achieved the following results through September 2014:

- Posted 137.9 million individual returns and issued more than 114.8 million refunds totaling $315.6 billion;
- Achieved a 64.4 percent LOS, although average wait times increased to almost 20 minutes;
- Answered 23.1 million assistor calls,
- Achieved accuracy rates of 95.0 percent for tax law questions and 96.2 percent of account questions received via the telephone; and
- Direct deposited more than $244.8 billion in refunds.

The number of individual and business returns filed electronically (e-file) continues to grow. Quicker refunds and a more efficient way for taxpayers to file accurate returns, coupled with innovative technology, such as home computer filing, contribute to the increase in e-file returns. FY 2014 results included:

- Individual returns electronically filed increased to 84.1 percent of filings, an increase of 1.9 percent;
- Business returns filed electronically increased to 43.1 percent of filings, an increase of 7.2 percent;
- Home-computer filing increased to 48.0 million tax returns, an increase of 6.0 percent; and
- Tax professional use of e-file increased by 1.2 percent, to 77.8 million returns.

The IRS continued to enhance digital self-service options by increasing the amount of tax information and services available to taxpayers through IRS.gov and the mobile app, IRS2Go. The IRS developed and launched new web and mobile tools allowing taxpayers and third parties to transact with the IRS including:

- **Get Transcript.** Provides current digital display and print of an individual's tax record across five transcript types using enterprise-wide authentication. Since the January 2014 launch, more than 18.6 million transcripts have been generated through this application, which represents more than 79 percent of all transcript requests during that time period.
- **IRS2Go.** Provides a "Where's my Refund" tracker and locator for voluntary tax assistance on a re-engineered mobile tool. The IRS2Go mobile application has been downloaded 5.4 million times since its release.
- **Direct Pay.** An individual taxpayer can make a payment fully electronically without paying a fee. Payment scheduling and payment lookup features have been added. Direct Pay has collected more than $2.7 billion since the November 2013 launch.
- **e-Authentication**. Provides secure access to IRS online tools and applications. Since the January 2014 launch, more than 5.8 million knowledge-based authentications have occurred.
- **Payment Mix Comparison Tool.** This tool will encourage accurate reporting by payment recipients according to Form 1099-K, *Payment Card and Third Party Network Transactions*, and help reduce the tax gap.
- **Online Payment Agreement improvement**. Provides the taxpayer the ability to fully submit an application for an installment agreement online.

The FY 2014 *Service Approach* identified in the IRS Strategic Plan allowed the IRS to reserve person-to-person service for those who had issues that only the IRS could resolve (e.g. assisting taxpayers who have received a notice). Savings from these initiatives were reinvested into improving service on the phones and at walk-in sites. It allowed the IRS to use the right mix of technology, employees, and IRS partners to best serve customers in the face of changing resources. Comprehensive engagement and communication efforts have helped both employees and taxpayers migrate towards alternative self-service channels.

The IRS continues to improve and expand its outreach and educational services through partnerships with state taxing authorities, volunteer groups, and other organizations. Volunteer Income Tax Assistance (VITA) and Tax Counseling for the Elderly (TCE) sites provided free tax assistance for the elderly, disabled, and limited English proficient individuals and families. More than 3.6 million tax returns were filed at Volunteer

Income Tax Assistance/Tax Counseling for the Elderly volunteer sites, representing a 7.4 percent increase over last year while maintaining a 92.2 percent accuracy rate.

Enforcement

In FY 2014, the IRS collected more than $57.1 billion, a 7 percent increase from FY 2013 through the same period. This is the fifth consecutive year the IRS exceeded $50 billion in enforcement revenue for a total IRS-wide ROI of $5.1 to $1. It is important to note, however, that a variety of factors beyond IRS's control impact enforcement revenue collections, including changes in tax policy and the health of the macroeconomy. Thus, this trend should not be interpreted to suggest that budget cuts have not reduced IRS's enforcement capabilities. In fact, the individual examination coverage rate has steadily declined from 1.11 percent in FY 2010 to 0.86 percent in FY 2014. If IRS enforcement funding had remained at FY 2010 levels, FY 2014 collections would have been higher.

The ROI estimate does not include the revenue effect of the indirect deterrence value of these investments and other IRS enforcement programs, which is conservatively estimated to be at least three times the direct revenue impact.

The IRS CI program investigates potential criminal violations of the Internal Revenue Code and related financial crimes such as money laundering, currency violations, tax-related identity theft fraud, and terrorist financing that adversely affect tax administration. Highlights of IRS CI's Enforcement performance through FY 2014, compared to FY 2013, include:

- Completing 4,606 criminal investigations, a decrease of 17.1 percent;
- Achieving a conviction rate of 93.4 percent, similar to FY 2013;
- Maintaining a Department of Justice acceptance rate of 93.1 percent with a U.S. Attorney acceptance rate of 90.5 percent; and
- Obtaining 3,110 convictions, similar to FY 2013.

The IRS made changes to the offshore voluntary compliance programs, providing new options to help taxpayers residing overseas and in the United States. Key changes included:

- Eliminating the required risk questionnaire and a requirement that the taxpayer have $1,500 or less of unpaid tax per year; and
- Requiring the taxpayer to certify that previous failures to comply were due to non-willful conduct.

The IRS implemented several improvements to the Offshore Voluntary Disclosure Program (OVDP) by:

- Requiring additional information from taxpayers applying to the program;
- Eliminating the existing reduced penalty percentage for certain non-willful taxpayers;
- Requiring taxpayers to submit all account statements and pay the offshore penalty at the time of the OVDP application; and
- Enabling taxpayers to submit voluminous records electronically rather than on paper.

The IRS streamlined the determination process for tax-exempt status applications. When an application cannot be completed on its initial merit, the applicant is directed to provide additional information and sign attestations guaranteeing truthfulness. The IRS also piloted a pre-classification process to improve the content of information request letters; and created Form 1023-EZ, a simplified two page version of the 26 page Form 1023, *Application for Recognition of Exemption Under Section 501(c)(3) of the Internal Revenue Code*.

The IRS made significant process changes to address concerns about applications for tax exempt status (civic leagues, social welfare organizations, or local associations of employees) under Section 501(c)(4):

- Established a process documenting reasons why applications are selected for further review;
- Developed training and workshops identifying issue advocacy versus political campaign intervention and identifying applications for review of political campaign intervention activities;
- Established processing guidelines for applications involving potentially significant campaign intervention; and
- Created a formal process for determinations personnel to request assistance from technical experts.

Congress passed FATCA in 2010 to improve tax compliance for foreign accounts and cross-border transactions. FATCA aims to ensure that offshore investment activities are properly captured for tax administration purposes by instituting reporting requirements for foreign financial institutions. In FY 2014, the IRS:

- Deployed the FATCA Foreign Financial Institutions Registration System;
- Established the concept of Global Intermediary Identification Numbers (GIINs) – a new international numbering scheme developed by the IRS to implement a standardized worldwide residence-based information reporting and approved and assigned GIINs to over 120,000 financial institutions to date; and
- Deployed the IRS Foreign Financial Institutions List Search and Download Tool.

During FY 2014, the IRS continued its implementation of the ACA and outreach activities to ensure that taxpayers were aware of the new tax provisions under the ACA. The IRS continued its work with the group of organizations set up to facilitate the purchase of health insurance in each state on the requirements and procedures for safeguarding federal tax information used in the Exchange (IRC 6103 (l)(21)), Disclosure of Return Information to Carry Out Eligibility Requirements for Health Insurance Affordability Programs). Also, IRS collaborated with the Department of Health and Human Services on outreach and IT deployment relating to the insurance market reforms and Exchange. In addition, IRS issued more than 30 items of published guidance on ACA Provisions, including final regulations on Branded Prescription Drug Fee and Premium Tax Credit.

In FY 2014, the IRS continued to follow its comprehensive identity theft strategy focused on preventing, detecting, and resolving identity theft cases. In an effort to help victims, the IRS launched the Identity Protection Personal Identification Number (IP PIN) application and has issued approximately 1.5 million IP PINs The IP PIN is a unique, six-digit number that is assigned annually to victims of identity theft with resolved cases for use when filing their federal tax return. The IP PIN allows these individuals to avoid delays in filing returns and receiving refunds.

Taxpayers previously had to call the IRS to replace a lost or misplaced IP PIN. The new application allows taxpayers to quickly file their tax return with manual verification. .

Additionally, taxpayers from Florida, Georgia and the District of Columbia have opted into the IP PIN pilot program. Additionally, the IRS is offering approximately 1.7 million taxpayers the opportunity to opt in to the IP PIN program in instances where the IRS has identified indications of identity theft on their accounts.

Business Systems Modernization

IRS modernization efforts continued in FY 2014:

- **CADE 2** had a smooth filing season launch in January 2014. The project recently met criteria that provide a high level of confidence in the readiness and accuracy of the system's performance, operational processes, and data quality. In FY 2014, CADE 2 received more than 140.1 million returns and issued over 113.2 million refunds.
- **Modernized e-File (MeF)** MeF receives and processes all tax returns submitted electronically. For Filing Season 2014, a new MeF release was deployed and performed successfully. In FY 2014, taxpayers submitted more than 231.4 million individual returns and more than 19.1 million business returns.

Dollars in Thousands

	TAXPAYER SERVICES		ENFORCEMENT		OPERATIONS SUPPORT		TOTAL	
FY 2016 Affordable Care Act (ACA)	$000	FTE	$000	FTE	$000	FTE	$000	FTE
FY 2015 Enacted								
Reinvestment:								
Expand Telecom Infrastructure to Handle Increased Demand					16,025		16,025	
Subtotal FY 2016 Changes to Base					$16,025		$16,025	
FY 2016 ACA Program Increases:								
Improve Taxpayer Services	78,343	1,231			23,154	7	101,497	1,238
Address Impact of Affordable Care Act (ACA) Statutory Requirements	108	1	44,775	432	22,323	50	67,206	483
Implement Information Technology (IT) Changes to Deliver Tax Credits and Other Requirements					305,645	818	305,645	818
Subtotal FY 2016 ACA Program Increases	$78,451	1,232	$44,775	432	$351,122	875	$474,348	2,539
Total FY 2016 ACA Budget Request	$78,451	1,232	$44,775	432	$367,147	875	$490,373	2,539

Office of Financial Stability

Program Disbursement, Repayments, and Cost/Savings

Dollars in Billions (As of 11/30/14)

	Cumulative Obligated	Cumulative Disbursed	Cumulative Outstanding (Includes Realized Losses)	Total Cumulative Income	Total Cumulative Repayments	Total Estimated Lifetime Costs (as of 9/30/14)	
Bank Support Programs	250	245	1	36	275	-24	
Credit Market Programs	19	19	0	5	24	-3	
AIG Investment Program (AIG)	68	68	0	1	55	15	*
Automotive Industry Financing Program	80	80	1	7	69	12	
Treasury Housing Programs Under TARP	38	15				37	
Total**	**$456**	**$426**	**$2**	**$48**	**$423**	**$37**	
Additional AIG Common Shares Held by Treasury	0	0	0	18	18	-18	*
Total for Programs and Shares**	**$456**	**$426**	**$2**	**$66**	**$440**	**$20**	

**If all Treasury AIG Investments are combined, we currently estimate a net gain of $2.3 billion on those shares.*

***Totals may not foot due to rounding.*

Summary and Explanation of Programs

The Emergency Economic Stabilization Act (ESSA) was enacted in October 2008 in response to one of the worst financial crises in United States history. To address the crisis, EESA established the Office of Financial Stability (OFS) within the Treasury Department to implement the Troubled Asset Relief Program (TARP). EESA vested authority in the Secretary of the Treasury to "purchase, and to make and fund commitments to purchase, troubled assets from any financial institution, on such terms and conditions as are determined by the Secretary."

The Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) enacted on July 21, 2010, reduced the TARP authority to purchase troubled assets to $475 billion from an original $700 billion.

As a result of careful stewardship of the program and improved financial conditions and, the ultimate cost to the taxpayers of TARP investments has dropped from the FY 2009 estimate of $341.0 billion to $37.5 billion as of September 30, 2014 ($20.0 billion when Treasury's additional AIG receipts are included).

In FY 2016, OFS plans to obligate $155 million and use 75 FTEs, a decrease of $15 million and 12 FTEs from the updated FY 2015 estimates, to fund the management of the TARP housing programs and the continuing disposition of OFS's remaining investments. The decrease in FTEs and outside contracts reflects the continued wind down of TARP.

Legislative Proposals

OFS has no legislative proposals for FY 2016.

Description of Performance

Bank Support Programs

Capital Purchase Program (CPP)

The CPP - OFS's largest program - was launched to stabilize and build confidence in the financial system by bolstering the capital position of viable institutions. OFS ultimately provided a total of $204.9 billion in capital to

707 institutions in 48 states, including more than 450 small and community banks and 22 Community Development Financial Institutions (CDFIs).

As of November 30, 2014, the CPP has generated $226.0 billion, $21.1 billion in excess of disbursements, in proceeds for taxpayers with 35 institutions remaining in the program for a total of $558 million in investments outstanding.

Targeted Investment Program (TIP)
OFS established the TIP in December 2008 to prevent a loss of confidence in critical financial institutions, which could impair broader financial markets, and undermine the overall economy. OFS invested $20 billion each in Bank of America and Citigroup under the TIP. As of December 31, 2009, the TIP was closed. Both Citigroup and Bank of America fully redeemed the Government's TIP investments of $40 billion plus $3.0 billion in dividends and $1.4 billion in warrants during 2010, which generated $4.4 billion in net proceeds for taxpayers.

Asset Guarantee Program (AGP)
OFS established the AGP which was used in conjunction with the TIP to support the value of certain assets held by Bank of America and Citigroup by agreeing to absorb a portion of the losses on those assets. The AGP closed in December 2009 without paying any claims and has generated $4.1 billion in net proceeds for taxpayers.

Community Development Capital Initiative (CDCI)
To help mitigate the adverse impact that the financial crisis had on communities underserved by traditional banks, OFS launched CDCI to provide capital to banks, thrifts, and credit unions that qualified as Community Development Financial Institutions (CDFIs) in February 2010. Under this program, CDFI banks and thrifts received investments of capital with an initial dividend or interest rate of two percent, compared to the five percent rate offered under the CPP.

OFS invested a total of $570 million in 84 CDFIs. As of November 30, 2014, 16 institutions have fully repaid their investment, 3 institutions have partially repaid their investment, and one has been taken into receivership, and the program has approximately $462 million in investments outstanding.

<u>Credit Market Programs</u>
Public-Private Investment Program (PPIP)
OFS launched PPIP to support credit market functioning and facilitate price discovery in the markets for commercial and residential mortgage financing. Using TARP funds alongside equity capital raised from private investors, PPIP was designed to generate a significant purchasing power and demand for RMBS and CMBS. OFS originally committed approximately $22.1 billion of equity and loans to the nine Public-Private Investment Funds (PPIFs). As of November 30, 2014, all of the PPIFs have been effectively wound down and OFS has recovered all of its debt and equity investments plus an additional $3.9 billion.

Term Asset-Backed Securities Loan Facility (TALF)
The TALF was a joint Federal Reserve-Treasury program that was designed to restart the asset-backed securities (ABS) markets that provide credit to consumers and small businesses, which had ground to a virtual standstill during the early months of the financial crisis.

OFS originally committed to provide $20.0 billion in the form of subordinated debt to TALF, LLC to support a $200.0 billion loan portfolio. On January 15, 2013, the commitment was eliminated. As of November 30, 2014, accumulated income earned from investments in the TALF, LLC totaled $685 million.

Small Business Administration (SBA) 7(a) Securities Purchase Program

In March 2010, OFS announced the SBA 7(a) Securities Purchase Program to encourage financial institutions to increase small business lending and to ensure that credit flows to entrepreneurs and small business owners. OFS invested in a total of 31 SBA 7(a) securities with a value of approximately $367 million (excluding purchased accrued interest) between March and September 2010. In January 2012, OFS concluded winding down the program in total, collecting $376 million through sales, principal payments, interest payments over the life of the program, representing cash collections of approximately $9 million more than its original investment of $367 million.

American International Group, Inc. (AIG) Investment Program

During the financial crisis, the federal government provided assistance to prevent the collapse of AIG. This assistance came from the Federal Reserve Bank of New York (FRBNY) and Treasury. The consequences of AIG failing at that time and in those circumstances would have been catastrophic to American families, businesses, and the larger economy. Therefore, the government took action to protect the U.S. financial system.

The government's overall support for AIG peaked at approximately $182 billion. That amount included $70 billion that Treasury committed through TARP, and $112 billion committed by the FRBNY. As of December 31, 2012, the $182 billion committed to stabilize the company had been fully recovered plus an additional positive return of $22.7 billion.

Automotive Industry Financing Program (AIFP)

OFS established the AIFP on December 19, 2008, to help prevent a significant disruption to the American automotive industry, which would have caused a substantial disruption to financial markets and had a negative effect on the economy. Under the AIFP, OFS invested a total of $79.8 billion in General Motors (GM), Chrysler, and their financing affiliates.

OFS provided GM and related suppliers $50.2 billion in loans which were repaid or converted to common stock. OFS has recovered a total of $39.7 billion through repayments, dividends, interest, and asset sales related to its investment in GM. OFS fully exited its GM investment in December 2013.

OFS committed a total of $12.4 billion to Chrysler and Chrysler Financial under TARP. In July 2011, OFS fully exited its investment in Chrysler, six years ahead of schedule. Of the $12.4 billion disbursed to Chrysler under TARP, OFS recovered more than $11.1 billion for taxpayers through principal repayments, interest, and cancelled commitments.

OFS invested $17.2 billion in Ally under TARP (including $884 million invested through GM). Between November 2013 and December 2014, OFS collected approximately $12.8 billion on its investment in Ally through repurchases, private placements, an initial public offering, and underwritten common stock sales. OFS has fully liquidated its investment in Ally Financial as of December 24, 2014 and has realized cumulative receipts of $19.6 billion, $2.4 billion more than invested.

Treasury Housing Programs Under TARP

OFS established two central programs under TARP – the Making Home Affordable (MHA) program and the Housing Finance Agency Innovation Fund for the Hardest Hit Housing

Markets (HHF) – to help prevent avoidable foreclosures and preserve homeownership. OFS has also provided support for the Federal Housing Administration's Short Refinance Program to assist borrowers who are current on their mortgage but owe more than their home is worth, in refinancing into an FHA-insured loan.

Making Home Affordable Program (MHA)
MHA includes sub programs that assist borrowers in modifying first and second mortgages, including benefits for unemployed homeowners, as well as modification alternatives. Through November 30, 2014, there were nearly 2.2 million homeowner assistance actions granted through MHA. Funds are paid out over the length of the modifications, and as of November 30, 2014, OFS disbursed $9.7 billion out of a possible $29.8 billion of incentive fees under MHA.

Housing Finance Agency (HFA) Hardest-Hit Fund
The HFA Hardest-Hit Fund was implemented in FY 2010 and provides targeted aid to homeowners in the states hit hardest by the housing market downturn and unemployment. Eighteen states and the District of Columbia have developed custom programs targeted to address the specific needs and economic conditions of their area. As of November 30, 2014, OFS disbursed $4.8 billion out of a possible $7.6 billion under the HFA Hardest-Hit Fund.

State Small Business Credit Initiative

Program Summary
Dollars in Thousands

	FY 2014 Actual	FY 2015 Estimated	FY 2016 Estimated	FY 2015 to FY 2016 $ Change	% Change
Budgetary Resources:					
Recovery from Prior Years	1,718	2,020	1,000	(1,020)	-50.50%
Unobligated Balances from Prior Years	25,376	19,323	14,118	(5,205)	-26.94%
Subtotal Budgetary Resources	**$27,157**	**$21,343**	**$15,118**	**(6,225)**	**-29.17%**
Other Resources:					
SSBCI Program	103	0	0	0	0.00%
SSBCI Administration	7,731	7,225	6,086	(1,139)	-15.76%
Subtotal Other Resources	**$7,834**	**$7,225**	**$6,086**	**(1,139)**	**-15.76%**
Total FTE	**10**	**11**	**9**	**(2)**	**-18.18%**

Summary
The State Small Business Credit Initiative (SSBCI) funds new and existing state programs that support lending to and investment in small businesses in order to stimulate economic growth and new jobs. Under the SSBCI, participating states use the federal funds for programs that leverage private lending to help finance small businesses and manufacturers that are creditworthy but are not getting the loans they need to expand and create jobs. The Small Business Jobs Act of 2010 (the Act) authorized and appropriated $1.5 billion for SSBCI through FY 2017. Due to the success of SSBCI, the FY 2016 President's Budget proposes a new authorization of $1.5 billion to build on the momentum of the program's first round, strengthen the Federal government's relationships with state economic development agencies, and to provide capital to America's diverse community of entrepreneurs.

Priorities
- To provide direct funding support to states for use in programs designed to increase access to credit for small businesses.
- To support state capital access programs and other credit support programs that support lending to and investment in small businesses and small manufacturers.
- To monitor the deployment of SSBCI funds among approved state programs and to ensure adherence to all Treasury compliance standards.
- To promote best practices in program design, operations, and marketing among state-run programs.
- To provide technical assistance to states as they implement these programs and deploy funds to eligible small businesses.

SSBCI FY 2016 Budget Highlights
Dollars in Thousands

State Small Business Credit Initiative	FTE	Amount
FY 2015 Estimated	**11**	**$7,225**
Changes to Base:		
Maintaining Current Levels (MCLs):	-	$118
Pay-Raise	-	$14
Pay Annualization	-	$5
FERS Contribution Increase	-	$7
Non-Pay	-	$92
Subtotal Changes to Base	-	$118
Total FY 2016 Base	**11**	**$7,343**
Program Changes:		
Program Decreases:	(2)	($1,257)
Program Decreases	(2)	($1,257)
Total FY 2016 Estimated	**9**	**$6,086**

FY 2016 Budget Adjustments

Maintaining Current Levels (MCLs)

Pay-Raise +$14,000 / +0 FTE

Funds are required for the proposed January 2016 pay-raise.

Pay Annualization +$5,000 / +0 FTE

Funds are required for annualization of the January 2015 pay-raise.

FERS Contribution Increase +$7,000 / +0 FTE

Funds are required for increases in agency contributions to the Federal Employee Retirement System based on updated actuarial estimates.

Non-Pay +$92,000 / +0 FTE

Funds are required for inflation adjustments in non-labor expenses such as GSA rent adjustments postage, supplies, and equipment.

Program Decreases

Program Decreases -$1,257,000 / -2 FTE

Contract and personnel support related to state technical assistance will decrease as the funding allocated to the states and municipalities becomes fully expended.

Legislative Proposals

Treasury recommends new legislation authorizing a $1.5 billion extension of the SSBCI. $1 billion will be competitively awarded to states best able to target local market needs, promote inclusion, attract private capital for start-up and scale-up businesses, strengthen regional entrepreneurial ecosystems, and evaluate results among other factors. An additional $500 million will be allocated to states according to a need-based formula.

Description of Performance

By the end of FY 2014, 56 of the 57 program participants reported using SSBCI funds to support loans or investments in businesses using disbursed funds. As of September 30, 2014, Treasury had outlayed to states approximately $1.14 billion or 79 percent of the total funds available for disbursement. Treasury expects states to qualify to receive most of the remaining funds in FY 2015 and FY 2016.

In FY 2016, Treasury will continue to monitor the performance of state programs, tracking loans and investments made with SSBCI funds and disbursing obligated funds to states. In addition, Treasury will process requests from states to modify their allocation agreements to reapportion funds from lower to higher performing programs and to optimize program design in order to improve performance. Treasury plans to approve or deny 90 percent of all state requests for modifications and subsequent disbursements within 90 calendar days of final receipt. Additionally, Treasury plans to collect 90 percent of all quarterly reports within five days of the deadline to report. Treasury will also provide on-going technical support to recipients, including the dissemination of practices among recipients on such elements as program design, operations, and marketing. Treasury proposes a new SSBCI authorization of $1.5 billion. In FY 2016, Treasury will process applications for need-based awards and will prepare and release the application for competitive awards.

SSBCI Performance

Performance Measure	FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Target	FY 2016 Target
Cumulative Value of SSBCI Funds Transferred to States (thousands)	$553,000	$917,000	$1,146,000	$1,367,000	$1,441,000
State Subsequent Disbursement Requests Approved or Denied within 90 days (%)	100	100	96	90	90
State Requests to Modify Allocation Agreements Approved or Denied within 90 days (%)	100	90	95	90	90
Receive State Quarterly Reports within five business days of reporting deadline (%)	100	93	95	90	90

Office of Financial Research

Program Summary by Budget Activity

Dollars in Thousands

Budget Activity	FY 2014 Actual	FY 2015 Estimated	FY 2016 Estimated	FY 2015 TO FY 2016 $ Change	FY 2015 TO FY 2016 % Change
Data Center	$46,940	$57,991	$63,157	$5,166	8.91%
Research and Analysis	$7,700	$14,578	$11,478	($3,100)	-21.26%
Operations and Support Services	$28,626	$26,979	$33,470	$6,491	24.06%
Total Cost of Operations	**$83,266**	**$99,548**	**$108,105**	**$8,557**	**8.60%**
FTE	**166**	**230**	**270**	**40**	**17.39%**

Summary

The *Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010* (the Dodd-Frank Act) established the Office of Financial Research (OFR or Office) within the Department of the Treasury (Treasury) to serve the Financial Stability Oversight Council (Council), its member agencies, and the public by improving the quality, transparency, and accessibility of financial data and information; conducting and sponsoring research related to financial stability; and promoting best practices in risk management.

The OFR, as an office within the Treasury Department, is aligned with the Treasury strategic goal of "Promoting domestic economic growth and stability while continuing reforms of the financial system," and the associated objective of "Complete implementation of financial regulatory reform initiatives and continue monitoring the markets for threats to stability." The OFR also is aligned with the Treasury objective of "Support effective, data-driven decision making and encourage transparency through intelligent gathering, analysis, sharing, use and dissemination of information" to help create a 21st century approach to government. Aligning to these Treasury goals and objectives, and consistent with the Dodd-Frank Act, the OFR has established five strategic goals to help achieve its mission, as described below.[1]

The OFR is an essential source of data and analysis for monitoring threats to financial stability.

Key objectives of this goal include:

- OFR's monitoring tools and analysis are widely used and critical to assessing financial stability;
- Data used to monitor financial stability are comprehensive, reliable, and accessible to policy makers and the public through the OFR; and
- Data providers and the public trust that OFR data are protected and secure.

Standards that improve the quality and usefulness of financial data are identified and adopted.

Key objectives underlying this goal include:

- Recognition of the need for standards by policy makers and industry;
- The OFR is the source of expert knowledge needed to develop and implement types and formats of data reported and collected; and

[1] See the OFR's strategic plan for FY 2012-2014 at http://www.treasury.gov/initiatives/wsr/ofr/Documents/OFRStrategicFramework.pdf and Treasury's strategic plan at http://www.treasury.gov/about/budget-performance/strategic-plan/Pages/index.aspx

- Financial data standards that create efficiencies and facilitate analysis are widely used.

Leading edge research improves financial stability monitoring and the scope and quality of financial data, and informs policy and risk management.

Key objectives underlying this goal include:

- The OFR is the recognized center for objective, innovative research on financial stability and
- OFR research is widely cited and used in policymaking, risk management, and data management.

OFR FY 2016 Budget Highlights

Dollars in Thousands

Office of Financial Research	FTE	Amount
FY 2015 Estimated Budget	**230**	**$99,548**
Changes to Base:		
Program Changes		
Program Increases	40	$8,557
Personnel Steady State	40	$4,223
Non-Personnel Steady State		$4,334
FY 2016 Base	**270**	**$108,105**
FY 2016 Estimated	**270**	**$108,105**

Explanation of Budget Activities

Data Center ($63,157,000 from revenue/offsetting collections)

The Dodd-Frank Act provided that the Data Center, on behalf of the Council, collect, validate, and maintain all data necessary to carry out the duties of the Office. As part of this mandate, the Data Center provides data services to federal financial regulators to increase efficiency in data acquisition and management, to promote the reduction of redundant reporting requirements across the regulatory system (including through more effective data sharing arrangements), and to ensure the security of sensitive data. The promotion of standards for financial data is expected to provide benefits to regulators and financial market participants by making data aggregation easier, improving analysis, and reducing costs associated with data collection. To support transparency in its operations and better public understanding of risks to financial stability, the Data Center also publishes data and data-related information, as well as information on its activities.

Research and Analysis ($11,478,000 from revenue/offsetting collections)

The Dodd-Frank Act provided that the Research and Analysis Center, on behalf of the Council, develop and maintain independent analytical capabilities and computing resources:

- To develop and maintain metrics and reporting systems for risks to the financial stability of the United States;
- To monitor, investigate, and report on changes in system-wide risk levels and patterns to the Council and to Congress;
- To conduct, coordinate, and sponsor research to support and improve regulation of financial entities and markets;
- To evaluate and report on stress tests or other stability-related evaluations of financial entities overseen by Council member agencies;
- To maintain the expertise necessary to support specific requests for advice and assistance from financial regulators;
- To investigate disruptions and failures in the financial markets, report findings, and make recommendations to the Council based on those findings;
- To conduct studies and provide advice on the impact of policies related to systemic risk; and,
- To promote best practices for financial risk management.

To support effective achievement of these objectives, the OFR is also establishing forums and networks to bring together experts from within and outside the regulatory system. In addition, the OFR is publishing key results of its analyses to support transparency in its operations and promote public understanding of threats to financial stability.

Operations and Support Services ($33,470,000 from revenue/offsetting collections)

These activities cover all operational, legal, and administrative functions that support the effective, transparent, and well-monitored delivery of the OFR's core outputs related to data, research, and analysis. This includes support provided through reimbursable arrangements with other activities in Treasury Departmental Offices, as well as outside service providers.

OFR Performance by Budget Activity

Description of Performance

In early FY 2013, the OFR established performance measures tied to its strategic goals and collected data on those measures through the fourth quarter. In 2014, the OFR revised some its measures to more accurately measure the performance of the organization, and aligned them to our new strategic goals. The OFR is continuing to review its performance measures in FY 2015 and may revise them based the ability to obtain additional data. The OFR now measures its progress by quarter. The OFR will continue to review all measures as the organization matures, and revise them as necessary.

OFR Performance by Budget Activity

Budget Activity	Performance Measure	FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2014 Actual	FY 2015 Target	FY 2016 Target
Data Center	Percent of responses to Council data and research requests that meet delivery targets	N/A	94	Disc	DISC	DISC	DISC
Data Center	Percent of Council work requests completed by the OFR	N/A	N/A	85%	89%	85%	85%
Data Center	Percent of project milestones met for establishment of an interagency data inventory program	N/A	88	DISC	DISC	DISC	DISC
Data Center	Percent of interagency data inventory records validated	N/A	N/A	B	60%	DISC	DISC
Data Center	Percent of milestones met in information standards strategy	N/A	100	100	DISC	DISC	DISC
Data Center	Percent pf data standards strategy milestones completed	N/A	N/A	100%	93%	DISC	DISC
Research and Analysis	Number of R&A products made public year-to-date	N/A	10	15	11	15	15
Research and Analysis	Number of collaborative research and analysis products made public year-to-date (subset of above)	N/A	8	10	10	DISC	DISC
External Affairs	Percent increase in the number of OFR web page visits	N/A	1	15	DISC	DISC	DISC
External Affairs	Percent increase in the substantive content made public on the OFR web site	N/A	N/A	20	13	DISC.	DISC
Operations and Support Services	Percent of OFR implementation priorities completed	N/A	DISC	DISC	DISC	DISC	DISC
Operations and Support Services	Cost of the OFR relative to total assessed assets, per $billion assessed	N/A	$3,230	$7,700 (to be based on a 4-year rolling average)	DISC	DISC	DISC
Operations and Support Services	OFR fiscal year expenditures as a percentage of total assessed assets, per $billion assessed	N/A	N/A	$4,000	$4,002	DISC.	DISC
Operations and Support Services	Total staff hired compared to targets	N/A	85%	100%	90%	100%	100%

Several measures have been discontinued and will be replaced or revised in FY 2015 based on the OFR's efforts to examine its measures for effectively assessing the performance of the organization.

Financial Stability Oversight Council

Program Summary by Budget Activity

Dollars in Thousands

Budget Activity	FY 2014 Actual	FY 2015 Estimated	FY 2016 Estimated	FY 2015 TO FY 2016 $ Change	FY 2015 TO FY 2016 % Change
Financial Stability Oversight Council	$7,660	$8,690	$9,816	$1,126	12.96%
Federal Deposit Insurance Corporation Payments	$11,592	$7,628	$9,500	$1,872	24.54%
Total Cost of Operations	**$19,252**	**$16,318**	**$19,316**	**$2,998**	**18.37%**
FTE	**23**	**27**	**31**	**4**	**14.81%**

[1] FY 2014 Actual includes $1.5M returned to the Board of Governors of the Federal Reserve System for reimbursement of unobligated interim funding transfers made prior to July 20, 2012, pursuant to Section 155(c) of the Dodd-Frank Act. Expenses recorded in Object Class 25 - Contractual Services.

Summary

Prior to the 2008 financial crisis, the existing financial regulatory framework focused narrowly on individual institutions and markets, which allowed supervisory gaps to grow and regulatory inconsistencies to emerge – in turn, allowing arbitrage and weakened standards. The Dodd-Frank Wall Street Reform and Consumer Protection Act (the Dodd-Frank Act) established the Financial Stability Oversight Council (Council) with a clear statutory mandate that created for the first time collective accountability for identifying and responding to emerging threats to financial stability. The Council is chaired by the Secretary of the Treasury and consists of ten voting members and five nonvoting members. The Council brings together the expertise of the federal financial regulators, an insurance expert appointed by the President, and state regulators.

The Council's three primary purposes under the Act are:

1. To identify risks to the financial stability of the United States that could arise from the material financial distress or failure, or ongoing activities, of large, interconnected bank holding companies or nonbank financial companies, or that could arise outside the financial services marketplace.
2. To promote market discipline, by eliminating expectations on the part of shareholders, creditors, and counterparties of such companies that the U.S. government will shield them from losses in the event of failure.
3. To respond to emerging threats to the stability of the U.S. financial system.

Over the last year, the Council has continued to evaluate whether to designate certain nonbank financial companies for Federal Reserve supervision and enhanced prudential standards, and conducted annual reviews for each of the three companies designated in 2013. The Council continued to monitor the eight financial market utilities (FMUs) that were designated as systemically important by the Council in 2012. The Council also continued to identify and monitor potential risks to U.S. financial stability; fulfilled explicit statutory requirements, including the completion of its fourth annual report to Congress; and served as a forum for discussion and coordination among the member agencies implementing the Dodd-Frank Act.

Over the next year, the Council will continue to evaluate nonbank financial companies for potential designation for Federal Reserve supervision and enhanced prudential standards; consider whether to designate additional FMUs as systemically important; monitor the financial system for risks to U.S.

financial stability; and facilitate interagency cooperation to identify and analyze potential emerging threats. The Council will also continue to facilitate interagency coordination and information sharing with respect to various regulatory initiatives.

The Council is required by the Dodd-Frank Act to convene no less than quarterly, but the Council has convened on a more frequent basis to share information on key financial developments, coordinate on regulatory implementation, and monitor progress on recommendations from the Council's annual reports. In 2014, the Council convened 10 times. The Council will continue to remain focused on both identifying near-term threats and addressing structural vulnerabilities in the financial system. Transparency on Council work has routinely been provided through an annual report to Congress, periodic Congressional testimony on Council activities and emerging threats to financial stability, and regular communications to the public about Council activities and decisions.

FSOC FY 2016 Budget Highlights

Dollars in Thousands

Financial Stability Oversight Council	FTE	Amount
FY 2015 Estimated	**27**	**$16,318**
Changes to Base:		
Program Changes		
Program Increases	4	$2,998
Personnel Steady State	4	$618
Non-Personnel Steady State		$508
FDIC Payment Adjustment		$1,872
FY 2016 Base	**31**	**$19,316**
FY 2016 Estimated	**31**	**$19,316**

*Includes FDIC reimbursement
*The increase includes the impacts of inflation and the proposed one percent pay increase

Explanation of Budget Activities

Financial Stability Oversight Council ($9,816,000 from revenue/ offsetting collections)

The Council has a clear statutory mandate to facilitate coordination among financial regulators and identify risks and respond to emerging threats to U.S. financial stability. The Council is not a bureau or office of the Department of the Treasury. However, under the Dodd-Frank Act, the Council's expenses are considered expenses of the Office of Financial Research, an office within the Department of the Treasury.

FDIC Payments ($9,500,000 from revenue/ offsetting collections)

Section 210(n)(10) of the Dodd-Frank Act provides that certain reasonable implementation expenses of the FDIC incurred after the enactment of the Dodd-Frank Act shall be treated as expenses of the Council. The FDIC must periodically submit requests for reimbursement for implementation expenses to the Chairperson of the Council, who shall arrange for prompt reimbursement to the FDIC of reasonable implementation expenses. The expenses estimated are for rule writing and resolution planning consistent with the FDIC's implementation of its responsibilities under Title II of the Dodd-Frank Act.

Description of Performance

There are no measures specified for managing Council performance at this time. Information on the Council is provided on www.treasury.gov, www.fsoc.gov, and member agency websites to provide transparency and accountability.

Bureau of Engraving and Printing

Program Summary by Budget Activity

Dollars in Thousands

Budget Activity	FY 2014 Actual	FY 2015 Estimated	FY 2016 Estimated	FY 2015 TO FY 2016 $ Change	FY 2015 TO FY 2016 % Change
Manufacturing	$733,208	$778,592	$863,940	$85,348	10.96%
Total Cost of Operations	**$733,208**	**$778,592**	**$863,940**	**$85,348**	**10.96%**
FTE	**1,925**	**1,944**	**1,924**	**(20)**	**-1.03%**

Summary

In support of Treasury's strategic goal of "Enhance U.S. Competitiveness and Promote International Financial Stability and Balanced Global Growth", the mission of the Bureau of Engraving and Printing (BEP) is to develop and produce United States currency notes trusted worldwide.

FY 2016 Priorities

Produce U.S. currency that functions flawlessly in commerce and create innovative currency designs that provide effective counterfeit deterrence, and meaningful access. Achieve organizational excellence and customer satisfaction through balanced investment in people, processes, facilities, and technology.

Product quality – Produce and deliver currency notes ordered by the Federal Reserve Board (FRB) that consistently meet the customer's high quality standards.

Counterfeit Deterrence – Conduct research and development, and collaborate with key stakeholders in order to deter counterfeiting and maintain the public's trust in the security and reliability of U.S. currency notes.

Meaningful Access – Assist users of U.S. currency, including the blind and visually impaired, with the use and denomination of currency.

The Bureau of Engraving and Printing operates on the basis of authority conferred upon the Secretary of the Treasury by 31 U.S.C. 321(a) (4) to engrave and print currency and other security documents. Operations are financed through a revolving fund established in 1950 in accordance with Public Law 81-656. The fund is reimbursed for direct and indirect costs of operations, including administrative expenses, through product sales. In 1977, Public Law 95-81 authorized the Bureau to include an amount sufficient to fund capital investment and to meet working capital requirements in the prices charged for products, eliminating the need for appropriations from Congress.

The Bureau produces the paper currency notes ordered by the FRB. During FY 2016, BEP expects to produce and deliver 8.3 billion notes to the FRB to meet currency demand. The FY 2016 order represents a 13 percent increase in the number of notes delivered from the FY 2015 program. In order to meet continued international demand, the FY 2016 order includes a large proportion of higher denomination notes.

Research and development of new technologies for use in currency note production is a priority at the Bureau as more sophisticated counterfeit deterrent features are needed to protect future generations of currency notes. Via its website www.bep.gov, BEP seeks information about technologies or materials that may have potential application in the development of new counterfeit deterrent features in currency notes.

BEP supports a comprehensive anti-counterfeiting program built around effective note design, public education, and aggressive law enforcement. The Bureau will continue working with the Advanced Counterfeit Deterrent (ACD) Steering Committee to develop future designs that will enhance and protect U.S. currency notes. The ACD Committee includes representatives from BEP, the Department of the Treasury, the U.S. Secret Service, and the FRB.

Work will continue in FY 2016 on enabling the Nation's currency to better serve users, including the blind and visually impaired. The Bureau will be incorporating features into the next redesign of currency that will assist every American to better use and denominate currency. BEP will continue to research and develop tactile features that will enhance future note designs. Testing and refinement of features will continue to determine which processes and features work best at the volumes needed for U.S. currency. While no timetable has been set for the introduction of this currency, the next redesign will incorporate changes to make U.S. currency more accessible to those who are blind and visually impaired.

The FY 2016 Budget requests funding to continue the BEP Currency reader distribution program in coordination with the Library of Congress' National Library Service. Under this program, United States citizens and legal residents who are blind or visually impaired are provided a currency reader to aid in the denomination of US currency.the majority of Currency Readers will be distributed in 2015, however readers will continue to be distributed in 2016 and beyond in numbers necessary to meet public demand.

In addition, funding is requested to continue the Currency Quality Assurance (CQA) Program. The Bureau, in collaboration with the FRB and other stakeholders, developed a robust CQA Program in 2014. This re-invention is moving BEP from inspecting to remove poor quality notes to building quality in at the onset of all production processes. Throughout FY 2015 and FY 2016, the Bureau will fill skill gaps with respect to production engineers, quality assurance specialists and specialists in related science and engineering disciplines, while reorganizing to become quality focused and customer driven, leaner, flexible and and accountable for results. Completion of this change management process will improve the work place and drive continuous improvement throughout the organization.

Funds are requested to support BEP's Phase II of a retooling equipment project which includes an equipment replacement plan, tactile feature testing equipment, labor relations/staffing strategy and alternatives for material handling.

Treasury is continuing its comprehensive review of U.S. currency including a review of both the production and use of coins, in order to efficiently promote commerce in the 21st Century. Treasury expects to announce the results of its review this fiscal year.

BEP requests FY 2016 funds for the acquisition of advisory and technical support to assist with planning and implementation of a new facility project. The Federal Reserve Board, which would pay for a replacement of the Washington, DC facility, has expressed support for this project. Future production equipment upgrades and production processes will soon exceed the support capacity of the current Washington, DC facility. It is estimated that the process of putting a new facility into production will take 10 years.

BEP FY 2016 Budget Highlights

Dollars in Thousands

Bureau of Engraving and Printing	FTE	Materials	Operating & Capital	Total
FY 2015 Estimated	**1,944**	**$292,250**	**$486,342**	**$778,592**
Changes to Base:				
Maintaining Current Levels (MCLs):	-	-	$7,848	$7,848
Pay-Raise	-	-	$2,418	$2,418
Pay Annualization	-	-	$618	$618
FERS Contribution Increase	-	-	$842	$842
Non-Pay	-	-	$3,970	$3,970
Efficiency Savings:	-	-	($1,500)	($1,500)
Reduced Labor Costs Due to Spoilage Reductions	-	-	($1,500)	($1,500)
Subtotal Changes to Base	-	-	$6,348	$6,348
Total FY 2016 Base	**1,944**	**$292,250**	**$492,690**	**$784,940**
Program Changes:				
Program Decreases:	(20)	-	($11,000)	($11,000)
Attrition Without Backfill (Goal 20 FTE)	(20)	-	($2,500)	($2,500)
Reduced Lease Parking Spaces	-	-	($250)	($250)
Water Usage Reduction/Recycling	-	-	($750)	($750)
Defer Targeted Facilities Investments	-	-	($7,500)	($7,500)
Program Increases:	-	-	$90,000	$90,000
New Facility	-	-	$40,000	$40,000
Phase II - Retooling (Scheduled Replacement of Obsolete Production Equipment)	-	-	$50,000	$50,000
Total FY 2016 Estimated	**1,924**	**$292,250**	**$571,690**	**$863,940**

FY 2014 Budget Adjustments

Adjustment to Estimates

Maintaining Current Level (MCLs)

Pay-Raise +$2,418,000 / +0 FTE

Funds are required for the proposed January 2016 pay-raise.

Pay Annualization +$618,000 / +0 FTE

Funds are required for the Annualization of the proposed January 2015 pay-raise.

FERS Contribution Increase +$842,000 / +0 FTE

Funds are required for increases in agency contributions to the Federal Employee Retirement System.

Non-Pay +$3,970,000 / +0 FTE

Funds are required for inflation adjustments in non-labor costs such as travel, contracts, rent, supplies, and equipment.

Efficiency Savings

Reduced Labor Costs Due to Spoilage Reductions -$1,500,000 / +0 FTE

Due to CQA driven improvements, better production yields are anticipated reducing overtime costs.

Program Decreases

Defer Targeted Facilities Investments -$7,500,000 / +0 FTE

Defer facility improvements to the DC facility pending the building replacement proposal.

Attrition Without Backfill (Goal 20 FTE) -$2,500,000 / -20 FTE

BEP plans for savings in Labor and Benefits by not backfilling targeted vacancies,.

Reduced Lease Parking Spaces -$250,000 / +0 FTE

BEP will reduce leased parking space costs.

Water Usage Reduction/Recycling -$750,000 / +0 FTE
A new waste water recycling plant will reduce water and chemical usage in processing waste water/wiping solutions

Program Increases
Phase II - Retooling (Scheduled Replacement of Obsolete Production Equipment) +$50,000,000 / +0 FTE
Replacement of fully depreciated production equipment at BEP facilities is scheduled.

New Facility +$40,000,000 / +0 FTE
Architecture & engineering services and a construction management contactor to perform architectural, environmental, and related services are required.

Explanation of Budget Activities

Manufacturing ($863,940,000 from revenue/ offsetting collections)
The BEP has one budget activity: Manufacturing. This budget activity supports all of BEP's strategic goals.

Legislative Proposals

BEP has no legislative proposals.

BEP Performance by Budget Activity

Budget Activity	Performance Measure	FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Target	FY 2016 Target
Manufacturing	Best Places to Work in Federal Government Ranking	178	47	N/A	99	99
Manufacturing	Lost Time Accident Rate per 100 Employees	1.9	1.63	N/A	1.6	1.6
Manufacturing	Manufacturing Costs For Currency (Dollar Costs Per Thousand Notes Produced)	43.34	50.45	44.22	55.0	55.0
Manufacturing	Percent of Currency Notes Delivered Returned Due to Defects	.0	.466	.0	.0	.0
Manufacturing	Reduction to BEP's Three Major Regulated Waste Streams (Air Emissions, Waste water, and Solid Waste)	31.2	31.2	29.1	N/A	N/A

Key: DISC - Discontinued and B - Baseline

Description of Performance

BEP's Best Places to Work in Federal Government Ranking is a based on the results of the Partnership for Public Service data on three questions in the Federal Employee Viewpoint Survey. BEP's 2014 ranking improved to 47 out of 300. BEP will continue to target achievement of an improvement in rank.

Lost Time Accident Rate per 100 Employees measures the Bureau's ability to reduce injuries and illnesses in the workplace. During FY 2014 BEP's lost time case rate increased unfavorably during the fiscal year to 2.08 against a target of 1.7 cases per 100 employees The Bureau remains committed to improving the safety of its employees and

has undertaken analysis to determine the root causes of injury and to identify best practices in safety. BEP's target for this performance metric will be held constant at 1.7 per 100 employees for FY 2015 and FY 2016

Manufacturing Costs for Currency (dollar cost per 1,000 notes produced) is an indicator of manufacturing efficiency and effectiveness of program management. The measure is based on contracted price factors, productivity improvements, as well as the mix of denominations ordered. Actual performance against standard cost depends on BEP's ability to meet spoilage, efficiency, and capacity utilization goals. In 2014 the cost of manufacturing was lower than anticipated; the actual result realized was $44.22 per 1,000 notes produced against a target of $55.00. The performance goal is set at $55.00 per 1,000 notes produced in FY 2015 and FY 2016.

Percent of currency notes returned due to defects is an indicator of the Bureau's ability to provide a quality product. BEP's FY 2014 target for this performance metric was 0.0001 percent, and the actual result realized for this measure was 0.00001 percent. BEP's target for this performance metric will be held constant at 0.0001 percent for both FY 2015 and FY 2016.

Reduction in Regulated Waste (Pounds of waste per 1000 notes delivered of regulated air emissions, wastewater, and solid waste combined) is a quantitative indicator of the effectiveness of BEP environmental programs, which are assessed through the BEP ISO 14001 certified Environmental Management System (EMS). BEP's FY 2014 performance of 29.4 pounds of regulated waste for this metric was against a target of 31 pounds per 1000 notes delivered.

United States Mint

Program Summary by Budget Activity

Dollars in Thousands

Budget Activity	FY 2014 Actual	FY 2015 Estimated	FY 2016 Estimated	FY 2015 TO FY 2016 $ Change	FY 2015 TO FY 2016 % Change
Manufacturing	$2,861,632	$3,591,431	$3,595,307	$3,876	0.11%
Total Cost of Operations	**$2,861,632**	**$3,591,431**	**$3,595,307**	**$3,876**	**0.11%**
FTE[1]	**1,661**	**1,874**	**1,774**	**(100)**	**-5.34%**

[1]Aligns FTE with historical usage levels and production requirements

Summary

The Mint supports the Department of the Treasury's strategic objectives to: facilitate commerce by providing trusted and secure U.S. currency, products, and services for use by the public (1.4); and, create a culture of service through relentless pursuit of customer value (5.4).

Since FY 1996, the United States Mint has been operating under the United States Mint's Public Enterprise Fund (PEF). As authorized by Public Law 104-52 (31 U.S.C. § 5136), the PEF makes amounts available without further appropriation. Proceeds from the sales of circulating coins to the Federal Reserve Banks and numismatic items to the public are the source of funding for operations. Both operating expenses and capital investments are associated with the production of circulating and numismatic coins and coin-related products. Revenues in excess of amounts required by the PEF are transferred to the United States Treasury General Fund.

The production and circulation of currency in the United States have been largely unchanged for decades, despite the growth in electronic financial transactions. Treasury is continuing its comprehensive review of U.S. currency including a review of both the production and use of coins, in order to efficiently promote commerce in the 21st Century. This review includes alternative metals, the United States Mint facilities, and consumer behavior and preferences. Treasury expects to announce the results of its review this fiscal year.

The United States Mint's key priorities for FY 2016 include:

- Circulating - Efficiently and effectively mint and issue circulating coins in FY 2016 to meet the needs of commerce.

- Numismatic Program
  Bullion Products – Mint and issue bullion coins to meet customer demand efficiently and effectively.

  Other Numismatic Products - Produce and distribute numismatic products in sufficient quantities, through appropriate channels, to make them accessible, available, and affordable to people who choose to purchase them. Design, strike and prepare for presentation Congressional Gold Medals.

- Protection - Secure the Nation's gold reserves, silver reserves and other assets.

FY 2016 United States Mint estimated total revenues are $3,839,982,000, total expenses are $3,595,307,000, of which $30,468,000 are for capital investments, and net results are $244,675,000 in earnings.

US Mint FY 2016 Budget Highlights

Dollars in Thousands

United States Mint	FTE	Materials	Operating & Capital	Total
FY 2015 Estimated	**1,874**	**$3,168,200**	**$423,231**	**$3,591,431**
Changes to Base:				
Maintaining Current Levels (MCLs):	-	-	$7,233	$7,233
Pay-Raise	-	-	$2,040	$2,040
Pay Annualization	-	-	$522	$522
FERS Contribution Increase	-	-	$711	$711
Non-Pay	-	-	$3,960	$3,960
Efficiency Savings:	(100)	-	($6,257)	($6,257)
Reduction - Reduce Operating Costs	(100)	-	($6,257)	($6,257)
Subtotal Changes to Base	(100)	-	$976	$976
Total FY 2016 Base	**1,774**	**$3,168,200**	**$424,207**	**$3,592,407**
Program Changes:				
Program Increases:	-	$2,900	-	$2,900
Metal Due to Forecast Increase in Circulating Coin Production	-	$2,900	-	$2,900
Total FY 2016 Estimated	**1,774**	**$3,171,100**	**$424,207**	**$3,595,307**

FY 2016 Budget Adjustments

Adjustments to Estimates

Maintaining Current Level (MCLs)

Pay-Raise +$2,040,000 / +0 FTE

Funds are required for the proposed January 2016 pay-raise.

Pay Annualization +$522,000 / +0 FTE

Funds are required for annualization of the proposed January 2014 pay-raise.

FERS Contribution Increase +$711,000 / +0 FTE

Funds are required for increases in agency contributions to the Federal Employee Retirement System based on updated actuarial estimates.

Non-Pay +$3,960,000 / +0 FTE

Funds are required for inflation adjustments in non-labor costs such as travel, contracts, rent, supplies, and equipment.

Efficiency Savings

Reduction - Reduce Operating Costs -$6,257,000 / -100 FTE

The Mint will reduce its operating budget by continuing to monitor costs and implement various savings strategies. These strategies will be across all departments within the Mint. In addition, salary savings will be realized through position management control efforts.

Program Increases

Metal Due to Forecast Increase in Circulating Coin Production +$2,900,000 / +0 FTE

The Mint forecasts that demand for circulating coins will remain strong in FY 2015 and 2016. To meet the growth in demand, a $2.9 million increase for metal purchases is required.

Explanation of Budget Activities

Manufacturing ($3,595,307,000 from revenue/offsetting collections)

The Mint has one budget activity: manufacturing. This budget activity encompasses the bureau's two major programs: circulating coinage and numismatic coin products including bullion coins and national medals.

Circulating Coinage Program

Circulating coinage includes the penny, nickel, dime, and quarter-dollar coins.

The United States Mint delivers circulating coinage to the Federal Reserve Banks at face value for subsequent distribution to the commercial banking system as required to transact commerce.

The Mint will continue to mint and issue quarter-dollar coins honoring America's national parks and other national sites in accordance with the America's Beautiful National Parks Quarter Dollar Coin Act of 2008 (Public Law 110-456). In 2016, the Mint will release quarters honoring Homestead National Monument of America (Nebraska), Kisatchie National Forest (Louisiana), Blue Ridge Parkway (North Carolina), Bombay Hook National Wildlife Refuge (Delaware), and Saratoga National Historical Park (New York).

Numismatic Program

Bullion Coin Program

The United States Mint produces bullion coins under American Eagle, American Buffalo, and America the Beautiful Silver Bullion Coin Programs to fulfill investor demand. Bullion coins are largely bought by precious metal dealers and sold to consumers who desire precious metals as part of an investment portfolio. The demand for bullion coins is greatly influenced by the performance of other investment options, such as equities markets or currency markets, and therefore is highly unpredictable. The content and purity of the precious metal in the bullion coins are backed by the United States Government.

Other Numismatic Products

The United States Mint produces and distributes numismatic products, including proof and uncirculated versions of coins, directly to the public. For some numismatic products, authorizing legislation specifies program requirements, such as design theme, mintage level and duration of product availability. Other programs are structured by law to grant the Secretary of the Treasury discretion in determining product specifications. The Numismatic Program includes the American Eagle Program, the American Buffalo Program, the America the Beautiful Quarters Program, the Presidential and Native American $1 Coin Programs, recurring programs, and commemorative coins and medals.

The Mint will continue to mint and issue numismatic versions of $1 coins honoring the Nation's past Presidents in accordance with the Presidential $1 Coin Act of 2005 (Public Law 109-145). The Mint will release in 2016 Presidential $1 Coins honoring Presidents Richard M. Nixon,Gerald R. Ford, and Ronald W. Reagan. The Mint will also continue to mint and issue $1 coins celebrating the important contributions made by Indian tribes and individual Native Americans to the development and history of the United States in accordance with the Native American $1 Coin Act (Public Law 110-82).

In FY 2016, the Mint's total estimated budgetary requirements for operating, metal and capital investments are $3,595 million.

Legislative Proposals

Mint proposes three legislative changes, two of which are from the FY 2015 President's Budget. The proposals are: the Coinage Materials Modernization Act (CMMA), Eliminate the 20 percent requirement in the Native American $1 Coin Act, and the Silver Proof Set Coin Composition proposal.

US Mint Performance by Budget Activity

Budget Activity	Performance Measure	FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Target	FY 2016 Target
Manufacturing	Customer Satisfaction Index (%)	90.0	92.6	89.8	90.0	90.0
Manufacturing	Numismatic Sales Units (Million Units)	5.6	5.51	5.7	5.6	5.6
Manufacturing	Safety Incident Recordable Rate	3.5	2.9	3.31	2.96	2.96
Manufacturing	Seigniorage per Dollar Issued ($)	.21	.24	.37	.24	.24

Description of Performance

Customer Satisfaction Index (CSI)

The Mint conducts a quarterly Customer Satisfaction Measure Tracking Survey among a random sample of active numismatic customers. The survey is intended to capture customer satisfaction with the United States Mint's service and product quality. The CSI is a quantitative score of survey results. The United States Mint's CSI reached 89.8 percent in FY 2014, below the target of 90.0 percent.

Numismatic Sales Units

The numismatic sales units metric indicates the number of coin products sold to the public from numismatic operations. It quantifies the demand for the Nation's official numismatic products. Numismatic sales units totaled 5.7 million in FY 2014, exceeding the target of 5.4 million units. . The increase mainly resulted from the sale of new products, such as the National Baseball Hall of Fame Commemorative Coins and the 50th Anniversary Kennedy Half-Dollar products.

Safety Incident Recordable Rate

Safety incident recordable rate is the number of injuries and illnesses meeting the Occupational Health and Safety Administration recording criteria per 100 full-time workers. The safety incident recordable rate was 3.31 recordable injuries and illnesses per 100 full-time workers in FY 2014, above the 3.05 target but below the industry average rate of 6.8 for forging and stamping manufacturers.

Seigniorage per Dollar Issued

Seigniorage is the financial return on circulated coinage shipped to the FRB and the public. It measures the cost-effectiveness of the United States' circulating coinage. Seigniorage per dollar issued was $0.37 in FY 2014, above the performance target of $0.24. Results exceeded the target mainly due to increased FRB demand, lower costs than forecast for metals and reduced general and administrative expenses.

Office of Comptroller of the Currency

Program Summary by Budget Activity

Dollars in Thousands

Budget Activity	FY 2014 Actual	FY 2015 Estimated	FY 2016 Estimated	FY 2015 TO FY 2016 $ Change	FY 2015 TO FY 2016 % Change
Supervise	$889,111	$956,544	$975,675	$19,131	2.00%
Regulate	$105,436	$113,433	$115,702	$2,269	2.00%
Charter	$19,262	$20,723	$21,137	$414	2.00%
Total Cost of Operations	**$1,013,809**	**$1,090,700**	**$1,112,514**	**$21,814**	**2.00%**
FTE	**3,891**	**3,959**	**3,959**	**0**	**0.00%**

Summary

The OCC was created by Congress to charter national banks, oversee a nationwide system of banking institutions, and ensure national banks are safe and sound, competitive and profitable, and capable of serving in the best possible manner the banking needs of their customers. Effective on July 21, 2011, Title III of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act), transferred to the OCC the responsibility for the supervision of federal savings associations and rulemaking authority for all savings associations.

As of September 30, 2014, the OCC supervised 1,152 national bank charters and 49 federal branches of foreign banks in the United States with total assets of approximately $10.2 trillion, and 462 federal savings associations (which include 174 mutual institutions) with total assets of approximately $701 billion. In total, the OCC supervises about $10.9 trillion in financial institution assets. The average size and complexity of financial institutions continue to grow. This creates increasing and diverse challenges for the OCC.

The OCC has established three goals outlined in its strategic plan that help support a strong economy for the American public: 1) A vibrant and diverse system of national banks and federal savings associations that supports a robust U.S. economy; 2) "One OCC" focused on collaboration, innovation, coordination, and process efficiency; 3) The OCC is firmly positioned to continue to operate independently and effectively into the future. To achieve its goals and objectives, the OCC organizes its activities under three programs: 1) Supervise, 2) Regulate, and 3) Charter. Effective supervision and a comprehensive regulatory framework are the key tools that the OCC uses to ensure that national banks and federal savings associations operate in a safe and sound manner and that they provide fair access to financial services and fair treatment of their customers. A robust chartering program allows new entrants into the financial services sector while ensuring that they have the necessary capital, managerial, and risk management processes to conduct activities in a safe and sound manner.

The OCC's priorities focus on strengthening the resiliency of the institutions subject to its jurisdiction through its supervisory and regulatory programs and activities. A stronger and more resilient banking system directly supports three of the Department of the Treasury's FY 2014-2017 (Treasury) strategic goals: 1) Promote domestic economic growth and stability while continuing reforms of the financial system; 4) Safeguard the financial system and use financial measures to counter national security threats; and 5) Create a 21stcentury approach to government by improving efficiency, effectiveness, and customer interaction.

In supervising banks, the OCC has the power to:

- Examine banks;
- Approve or deny applications for new charters, branches, capital, or other changes in corporate or banking structure;
- Take supervisory and enforcement actions against banks that do not comply with laws and regulations or that otherwise engage in unsafe or unsound practices;
- Remove and prohibit officers and directors, negotiate agreements—both formal (i.e., public) and informal (i.e., non-public)—to change banking practices, and issue cease-and-desist orders as well as Civil Money Penalties (CMP); and
- Issue rules and regulations, legal interpretations, supervisory guidance, and corporate decisions governing investments, lending, and other practices.

Through on-site examinations, the OCC assesses whether national banks and federal savings associations appropriately identify, account for, and follow prudent strategies for problem assets; and maintain a strong corporate governance culture that fosters sound loan underwriting standards, properly aligned incentive compensation structures, and strong internal controls, risk management, and compliance functions.

The OCC continues to encourage lenders to work with creditworthy borrowers who may be facing financial difficulties. The OCC continues to be actively involved in the residential foreclosure oversight process to ensure that all foreclosures are handled consistent with regulatory requirements. While assessing credit quality, adequacy of loan loss reserves, interest rate risk and capital adequacy, risk management practices have been and continue to be areas of focus. Operational risk issues – the risk of loss due to failures of people, processes, systems, and external events – have become an area of heightened risk and supervisory attention. Strong enterprise risk management processes have been and will continue to be a point of emphasis, particularly at larger institutions. In addition, the OCC continues to assess and address supervisory issues in the areas of fair lending, consumer protection, Bank Secrecy Act/Anti-Money Laundering, and information security.

Operations are funded primarily (approximately 97 percent) from semiannual assessments levied on national banks and federal savings associations. Revenue from investments in Treasury securities and other income comprise the remaining three percent of the OCC's funding.

The OCC does not receive congressional appropriations to fund any portion of its operations.

Explanation of Budget Activities

Supervise ($956,544,000 from revenue/ offsetting collections)

The Supervise program consists of ongoing supervision and enforcement activities undertaken to ensure that each national bank and federal savings institution is operating in a safe and sound manner and is complying with applicable laws, rules, and regulations relative to the financial institution and the customers and communities it serves. Included are examinations and enforcement activities; resolution of disputes through a formal appeals process; ongoing monitoring of national banks and federal savings associations; and analysis of systemic risks and market trends in the federal banking system, the financial services industry, and the economic and regulatory environment.

Regulate ($113,433,000 from revenue/ offsetting collections)

The Regulate program consists of ongoing activities that result in the establishment of regulations, policies, operating guidance, and interpretations of general applicability to national banks and federal savings associations. These regulations, policies, and interpretations may establish system-wide standards, define acceptable banking practices, provide guidance on risks and responsibilities facing national banks and federal savings associations, or prohibit (or restrict) banking practices deemed to be imprudent or unsafe.

This includes the establishment of examination policies, handbooks, and interpretations for examiners as well as representation of the OCC's regulatory authorities and interpretations in administrative, judicial, and congressional hearings.

Charter ($20,723,000 from revenue/offsetting collections)

The Regulate program consists of ongoing activities that result in the establishment of regulations, policies, operating guidance, and interpretations of general applicability to national banks and federal savings associations. These regulations, policies, and interpretations may establish system-wide standards, define acceptable banking practices, provide guidance on risks and responsibilities facing national banks and federal savings associations, or prohibit (or restrict) banking practices deemed to be imprudent or unsafe.

This includes the establishment of examination policies, handbooks, and interpretations for examiners as well as representation of the OCC's regulatory authorities and interpretations in administrative, judicial, and congressional hearings.

Legislative Proposals

OCC has no legislative proposals.

OCC Performance by Budget Activity

Budget Activity	Performance Measure	FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Target	FY 2016 Target
Supervise	Percentage of National Banks and Federal Savings Associations That Are Categorized As Well Capitalized	92.0	94.0	93.0	95.0	95.0
Supervise	Percentage of National Banks and Federal Savings Associations With Consumer Compliance Rating of 1 or 2	93.0	94.0	95.0	94.0	94.0
Supervise	Percentage of National Banks and Federal Savings Associations with Composite CAMELS Rating 1 or 2	76.0	80.0	87.0	90.0	90.0
Supervise	Rehabilitated National Banks And Federal Savings Associations As A Percentage Of Problem National Banks One Year Ago (CAMEL 3,4, or 5)	27.0	34.0	39.0	40.0	40.0
Supervise	Total OCC Costs Relative To Every $100,000 in Bank And Federal Savings Associations Assets Regulated ($)	10.51	9.99	9.9	10.2	10.2
Charter	Percentage of Licensing Applications and Notices Completed within Established Timeframes	98.0	97.0	98.0	95.0	95.0

Key: DISC - Discontinued and B - Baseline

Description of Performance

The OCC's Supervision Program specifically supports the following Treasury Objectives:
1.3: Complete implementation of financial regulatory reform initiatives and continue monitoring the markets for threats to stability;
1.4: Facilitate commerce by providing trusted U.S. currency, services, and products for the American public and enterprises;
4.3: Improve the cybersecurity of our Nation's financial sector critical infrastructure; and
4.4: Protect the integrity of the financial system by implementing, promoting, and enforcing anti-money laundering and counterterrorism financing standards.

The OCC charters, regulates and supervises all national banks and federal savings associations, as well as supervises federal branches and agencies of foreign banks. The primary goal of the OCC's Supervision Program is to ensure that these institutions operate in a safe and sound manner and in compliance with laws requiring fair treatment of their customers and fair access to credit and financial products. The OCC's Supervision Program supports the implementation of the financial regulatory reform initiatives including those in the Dodd-Frank Wall Street Reform and Consumer Protection Act as well as other regulatory initiatives designed to strengthen the nation's federal banking system. The OCC also monitors risks and threats to the stability of the federal banking system through its regular examinations of the institutions it supervises and other monitoring programs such as its Semi-annual Risk Perspectives Report, participation in the

Shared National Credit Program, and its Credit Underwriting Survey.

The overall objective of the OCC's Supervision Program supports facilitating commerce through the goal of ensuring the safety and soundness of the federal banking system. Through its Supervision Program the OCC has taken a number of steps to improve the cybersecurity of the nation's financial sector critical infrastructure including organizing a Web conference, "The Evolving Cyber Landscape: Awareness, Preparedness, and Strategy for Community Banks," for more than 1,000 community bankers and holding a series of confidential briefings for banks, third-party service providers and bank examiners. The agency also created and filled a new position, Senior Infrastructure Officer whose focus is cybersecurity policy for the federal banking system. Actions taken to improve the cybersecurity of the federal banking system include the issuance of an alert on denial-of-service attacks, and reviews of examiner handbooks, procedures, and training materials to ensure that, as threats evolve, all national banks and federal savings associations can identify cyber risks and strengthen their risk management and control systems. In addition, the OCC became a member of the Financial Services Information Sharing and Analysis Center in 2013. Membership gives the OCC greater real-time insight into a broad range of potential threats to the industry and the ability to assist, when appropriate, in a coordinated response with other government agencies. Finally, the OCC supports protecting the integrity of the financial system through its examinations of compliance with BSA/AML and through the initiation of enforcement actions for non-compliance with BSA/AML laws and regulations.

The Federal Deposit Insurance Act established a system that classifies insured depository institutions into five categories (well-capitalized, adequately capitalized, undercapitalized, significantly undercapitalized, and critically undercapitalized) based on their capital levels relative to their risks. Through September 30, 2014, 93 percent of national banks and federal savings associations were classified as well capitalized.
The composite CAMELS (Capital adequacy, Asset quality, Management, Earnings, Liquidity, and Sensitivity to market risk) rating reflects the overall condition of a bank. Bank regulatory agencies use the Uniform Financial Institutions Rating System, CAMELS, to provide a general framework for evaluating all significant financial, operational, and compliance factors inherent in a bank. The rating scale is 1 through 5 of which 1 is the highest rating granted. CAMELS ratings are assigned at the completion of every supervisory cycle or when there is a significant event leading to a change in CAMELS. Through September 30, 2014, 87 percent of national banks and federal savings associations earned composite CAMELS rating of either 1 or 2.

Problem banks ultimately can reach a point at which rehabilitation is no longer feasible. The OCC's early identification and intervention with problem banks can lead to successful remediation of these banks. The OCC recommends corrective actions to problem banks for improving their operations and, as a result, 39 percent of banks with composite CAMELS ratings of 3, 4, or 5 one year ago have improved their ratings to either 1 or 2 this year. As with other measures, this target benchmark has been adversely affected by the underlying economic conditions facing the banking industry.

To ensure fair access to financial services and fair treatment of bank customers, the OCC evaluates a bank's compliance with consumer laws and regulations. Bank regulatory agencies use the Uniform Financial Institutions Rating System, Interagency Consumer Compliance Rating, to provide a general framework for assimilating and evaluating significant consumer compliance factors inherent in a bank. Each financial institution is assigned a consumer compliance rating based on an evaluation of its present compliance with consumer protection and civil rights statutes and regulations, and the adequacy of its operating systems designed to ensure continuing compliance. Ratings are on a scale of 1 through 5 in increasing order of supervisory concern. National banks and federal savings associations continue to show strong compliance with consumer protection regulations with 95 percent earning a consumer compliance rating of either 1 or 2 through September 30, 2014.

The OCC's timely and effective approval of corporate applications contributes to the nation's economy by enabling national banks and federal savings associations to complete various corporate transactions and introduce new financial products and services. Delays in providing prompt decisions on applications and notices can deprive a bank of a competitive or business opportunity, create business uncertainties, or diminish financial results. Time frames have been established for completing each type of application and notice. The OCC completed 98 percent of applications and notices within the time standard through September 30, 2014.

The OCC monitors the efficient use of its resources by measuring Total OCC Costs Relative to Every $100,000 in Bank Assets Regulated. This measure reflects the efficiency of its operations while meeting the increasing supervisory demands of a growing and more complex financial system. This measure supports the OCC's strategic goal of efficient use of agency resources. The OCC's ability to control its costs while ensuring the safety and soundness of national banks and federal savings associations benefits all national bank and federal savings association customers. The OCC will continue its efforts to ensure that resources are used prudently and that programs are carried out in a cost effective manner.

Treasury International Programs

Program Summary

Dollars in thousands

Budget Activity	FY 2014 Enacted	FY 2015 Enacted	FY 2016 Request	*Of which, payment toward unmet commitments*
International Monetary Fund (IMF)	**$0**	**$0**	**$62,000**	**$0**
Multilateral Development Banks (MDBs)	**$2,075,449**	**$1,999,804**	**$2,188,353**	**$246,472**
International Development Association (IDA)	$1,355,000	$1,287,800	$1,290,600	$0
Multilateral Debt Relief Initiative (MDRI) for IDA	$0	$0	$111,000	$111,000
International Bank for Reconstruction and Development (IBRD)	$186,957	$186,957	$192,920	$5,964
Inter-American Development Bank (IDB and FSO)	$102,000	$102,020	$102,020	$0
Multilateral Investment Fund (MIF)	$6,298	$3,378	$0	$0
African Development Fund (AfDF)	$176,336	$175,668	$227,500	$32,500
Multilateral Debt Relief Initiative (MDRI) for AfDF	$0	$0	$13,500	$13,500
African Development Bank (AfDB)	$32,418	$32,418	$34,118	$1,700
Asian Development Bank (AsDB)	$106,586	$106,586	$5,608	$5,608
Asian Development Fund (AsDF)	$109,854	$104,977	$166,086	$76,200
North American Development Bank (NADB)	$0	$0	$45,000	$0
Food Security	**$163,000**	**$30,000**	**$74,930**	**$1,930**
Global Agriculture and Food Security Program (GAFSP)	$133,000	$0	$43,000	$0
International Fund for Agricultural Development (IFAD)	$30,000	$30,000	$31,930	$1,930
Environmental Trust Funds	**$428,280**	**$401,000**	**$548,563**	**$31,700**
Green Climate Fund (GCF)	$0	$0	$150,000	$0
Clean Technology Fund (CTF)[1]	$209,630	$184,630	$170,680	$0
Strategic Climate Funds (SCF)[1]	$74,900	$49,900	$59,620	$0
Global Environment Facility (GEF)	$143,750	$136,563	$168,263	$31,700
ESF Statutory Transfer[2]	$0	$29,907	$0	$0
Treasury Office of Technical Assistance	**$23,500**	**$23,500**	**$28,000**	**$0**
TOTAL	**$2,690,229**	**$2,454,304**	**$2,901,846**	**$280,102**

[1] FY 2014 Enacted includes $25 million provided under sec. 7060(c)(8) of the Consolidated Appropriations Act, 2014.
[2] Provided by sec. 7060(c)(8) of the Consolidated and Further Continuing Appropriations Act, 2015.

Summary

International Monetary Fund

Treasury is seeking appropriations and authorization language within the FY 2016 request for the International Monetary Fund (IMF). In 2010, G-20 Leaders and the IMF membership decided on a set of quota and governance reforms designed to strengthen the IMF's critical role within the international system. The 2010 reforms are an important step toward modernizing IMF governance to better reflect countries' economic weights in the global economy, while preserving U.S. leadership and veto power.

The proposed appropriations and authorization language would reduce U.S. participation in the IMF's New Arrangements to Borrow (NAB) by approximately $59 billion and increase the U.S. quota by an equal amount, for no net change in the overall U.S. financial commitment to the IMF. The proposal also authorizes the United States to accept an amendment to the IMF Articles of Agreement that will facilitate changes in the composition of the IMF Executive Board while preserving U.S. influence in the Board.

Completing the IMF reforms is a national security and economic policy priority for the United States. The Administration is proposing a discretionary funding approach, but we are prepared to work with Congress on other feasible approaches to get legislation passed as soon as possible, including mandatory funding approaches.

Multilateral Development Banks

Treasury's request provides $366 million for annual general capital increase (GCI) commitments at the multilateral development banks (MDBs). FY 2016 is the first year that scheduled funding will not be required for the Asian Development Bank (AsDB) GCI, though funding is included for our unmet AsDB commitments. In addition, FY 2016 is the final year of scheduled payments for the ongoing GCIs at the World Bank's International Bank for Reconstruction and Development (IBRD) and Inter-American Development Bank (IDB). GCI payments for the African Development Bank (AfDB) are scheduled to continue through FY 2019.

A new initiative in this request is a GCI for the North American Development Bank (NADB), which finances environmental infrastructure on the U.S.-Mexican border. Our request includes the first of five $45 million installments in paid-in capital for the GCI. In addition to a total of $1.3 billion in callable capital, plus matching funds from the Government of Mexico, this request would support a doubling of the NADB's capital over five years. The President announced the NADB capital increase at this year's meeting of the High-Level Economic Dialogue, reflecting a strong U.S. commitment to deepen engagement with Mexico. NADB is well respected in the border region and has helped communities in both the United States and Mexico access critical infrastructure such as wastewater services. In recent years, NADB has provided renewable energy to residents in border states and has promoted new private sector investment in the sector along the border. Without a capital increase, NADB will lack the financial resources needed to continue supporting these important investments. Mexico announced its support for a capital increase in March 2014.

Our request also provides $1.6 billion to fully meet our annual replenishment commitments to the World Bank's International Development Association (IDA), the African Development Fund (AfDF), and the Asian Development Fund (AsDF).

Food Security

The request includes $43 million for the Global Agriculture and Food Security Program (GAFSP), the multilateral component of the President's Feed the Future initiative. This amount is enough to match $86 million in new commitments from other donors, in line with the United States' pledge to provide $1 for every $2 provided by other donors, up to a total U.S. contribution of $475 million. In addition, the request includes the first payment of $30 million towards the new replenishment of the International Fund for Agricultural Development (IFAD).

Environment and Clean Energy

Our request includes $150 million toward the U.S. pledge to the Green Climate Fund (GCF), providing a total of $500 million when combined with $350 million requested through the Department of State. Joining other nations, the United States pledged $3 billion – not to exceed 30 percent of total confirmed pledges – to this new $10 billion fund, which will support the transition of developing countries to a more sustainable development path. The GCF will also mobilize private sector resources toward clean and reliable energy and toward increased resilience. It will build on the best practices and lessons learned from the Climate Investment Funds (CIFs), to which the previous Administration pledged $2 billion with bipartisan support. Our request includes $230 million to fully meet the remainder of this commitment to the CIFs. It also fully funds the annual replenishment commitment to the Global Environment Facility (GEF) at $137 million and includes $32 million to pay down our unmet commitments.

Unmet Commitments

U.S. unmet commitments, which now exceed $1.5 billion, erode U.S. credibility, pose a threat to our ability to shape the policy priorities of the MDBs and related funds, and in some cases hamper the ability of these entities to deliver results. Our FY 2016 request would reduce these unmet commitments by $280 million. In making allocations, we have maximized paying down those unmet commitments that are most damaging to U.S. credibility and to the programming capacity of the entities. We have also sought to avoid incurring new unmet commitments.

Specifically, the FY 2016 request allocates $33 million for unmet commitments at the AfDF. Our nearly $180 million in unmet commitments to the AfDF severely constrain the AfDF's overall programming capacity. Paying down our unmet commitments would demonstrate our sustained support for this institution, which is a key partner in reducing poverty in Africa. AfDF makes critical contributions to Power Africa and other international efforts to address Africa's massive infrastructure needs. AfDF works to combat the Ebola epidemic and assists many of the poorest and most fragile countries in the world.

The request also includes $76 million to pay down our unmet commitments to the AsDF. Our over $300 million in unmet commitments constrain the AsDF's commitment capacity. Paying down some of our unmet commitments would increase AsDF assistance, including to support Afghanistan through the political and military transitions, promote energy sector reform in Pakistan, bolster the democratic transition in Burma, and help Central Asia reduce its economic dependence on Russia.

Our FY 2016 request also includes funding for our unmet commitments to the Multilateral Debt Relief Initiative (MDRI). MDRI provides 100 percent cancelation of eligible debt owed to IDA and AfDF by countries reaching the completion point under the Heavily Indebted Poor Countries (HIPC) initiative. With no funding appropriated in FY 2014 or FY 2015, the unmet U.S. commitments to MDRI at IDA and AfDF have climbed to $300 million. In this request, we have included $111 million for IDA and $14 million for AfDF. The United States was the leading advocate for the creation of MDRI, which was established to identify sustainable debt solutions to the severe financial difficulties faced by in the world's poorest countries. The U.S. share of the cost of MDRI is projected to grow rapidly in the future, reaching an annual amount of over $300 million from FY 2021 through FY 2029, after which the cost will decline until MDRI ends in FY 2044.

The FY 2016 request includes $13 million for our unmet IBRD, AfDB, and AsDB commitments in order to prevent a permanent loss of shareholding at those institutions. In addition, the request includes $2 million toward unmet commitments at IFAD and, as noted above, $32 million at the GEF.

Treasury Office of Technical Assistance

Our request includes $28 million for the Treasury Office of Technical Assistance (OTA). This amount approximately restores prior levels, with an increase of nearly $5 million over the FY 2015 enacted level. The requested increase reflects a strong and increasing demand for OTA assistance to support U.S. economic and security priorities in Central America, Africa, Asia, Ukraine and other conflict zones. The request also allows for a modest but important expansion of OTA's work in priority areas, including infrastructure finance and domestic resource mobilization, which helps partner countries generate revenue and manage their resources more effectively. OTA will coordinate with the Department of State, USAID, and other government agencies in the whole of government approach for the U.S. Strategy for Engagement in Central America.

Summary of FY 2106 Appropriations Language

Below is a summary of proposed Treasury appropriations language changes from the FY 2015 enacted bill. Please note that brackets indicate which material will be deleted, and italics indicate which material will be inserted.

DEPARTMENTAL OFFICES

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; executive direction program activities; international affairs and economic policy activities; domestic finance and tax policy activities; *terrorism and financial intelligence activities;* and Treasury-wide management policies and programs activities, **[**$210,000,000**]** *$331,837,000*: *Provided*, That of the amount appropriated under this heading— *(1) Not less than $109,609,000 is for the Office of Terrorism and Financial Intelligence to safeguard the financial system against illicit use and to combat rogue nations, terrorist facilitators, weapons of mass destruction proliferators, money launderers, drug kingpins, and other national security threats;* (**[**1**]***2*) not to exceed $350,000 is for official reception and representation expenses; (**[**2**]***3*) not to exceed $258,000 is for unforeseen emergencies of a confidential nature to be allocated and expended under the direction of the Secretary of the Treasury and to be accounted for solely on the Secretary's certificate; *(4) notwithstanding any other provision of law, up to $1,000,000 may be contributed to the Organization for Economic Cooperation and Development for the Department's participation in programs related to global tax administration;* and (**[**3**]***5*) not to exceed **[**$24,200,000**]** *$25,200,000* shall remain available until September 30, **[**2016**]** *2017*, for— (A) the Treasury-wide Financial Statement Audit and Internal Control Program; (B) information technology modernization requirements; (C) **[**in an amount not less than $9,500,000, the audit, oversight, and administration of the Gulf Coast Restoration Trust Fund; and**]** *secure space requirements;* (D) in an amount not to exceed $3,400,000, the development and implementation of programs within the Office of Critical Infrastructure Protection and Compliance Policy, including entering into cooperative agreements*; and (E) in an amount not to exceed $10,000,000 for a Digital Service team. Provided further, That, in addition to the amount otherwise made available under this heading, $7,000,000 shall remain available until September 30, 2017, for necessary expenses for carrying out subtitle F of title I of division A of Public Law 112–141, to be derived from the trust fund established under section 1602 of such Public Law, without altering the percentages of funds made available for other purposes from the remaining balance of the trust fund.*

OFFICE OF TERRORISM AND FINANCIAL INTELLIGENCE

SALARIES AND EXPENSES

(INCLUDING TRANSFER OF FUNDS)

[For the necessary expenses of the Office of Terrorism and Financial Intelligence to safeguard the financial system against illicit use and to combat rogue nations, terrorist facilitators, weapons of mass destruction proliferators, money launderers, drug kingpins, and other national security threats, $112,500,000: *Provided*, That of the amount appropriated under this heading: (1) not to exceed $27,000,000 is available for administrative expenses; and (2) $1,000,000, to remain available until September 30 2016, is available for secure space requirements: *Provided further,* That the unobligated balances of prior year appropriations made available for terrorism and financial intelligence activities under the heading "Department of the Treasury—Departmental Offices—Salaries and Expenses" shall be transferred to, and merged with, this account.**]**

DEPARTMENT-WIDE SYSTEMS AND CAPITAL INVESTMENTS PROGRAMS

(INCLUDING TRANSFER OF FUNDS)

For development and acquisition of automatic data processing equipment, software, and services and for repairs and renovations to buildings owned by the Department of the Treasury, **[**$2,725,000**]** *$10,690,000*, to remain available until September 30, **[**2017**]** *2018*: *Provided*, That these funds shall be transferred to accounts and in amounts as necessary to satisfy the requirements of the Department's offices, bureaus, and other organizations: *Provided further,* That this transfer authority shall be in addition to any other transfer authority provided in this Act **[**: *Provided further,* That none of the funds appropriated under this heading shall be used to support or supplement "Internal Revenue Service, Operations Support" or "Internal Revenue Service, Business Systems Modernization"**]**.

OFFICE OF THE INSPECTOR GENERAL

SALARIES AND EXPENSES

For necessary expenses of the Office of Inspector General in carrying out the provisions of the Inspector General Act of 1978, **[**$35,351,000**]** *$35,416,000*, including hire of passenger motor vehicles; of which not to exceed $100,000 shall be available for unforeseen emergencies of a confidential nature, to be allocated and expended under the direction of the Inspector General of the Treasury; of which up to $2,800,000, *to remain available until September 30, 2017,* shall be for audits and investigations conducted pursuant to section 1608 of the Resources and Ecosystems Sustainability, Tourist Opportunities, and Revived Economies of the Gulf Coast States Act of 2012 (33 U.S.C. 1321 note)**[**; and of which not to exceed $1,000 shall be available for official reception and representation expenses**]**.

TREASURY INSPECTOR GENERAL FOR TAX ADMINISTRATION

SALARIES AND EXPENSES

For necessary expenses of the Treasury Inspector General for Tax Administration in carrying out the Inspector General Act of 1978, as amended, including purchase and hire of passenger motor vehicles (31 U.S.C. 1343(b)); and services authorized by 5 U.S.C. 3109, at such rates as may be determined by the Inspector General for Tax Administration; **[**$158,210,000**]** *$167,275,000*, of which $5,000,000 shall remain available until September 30, **[**2016**]** *2017*; of which not to exceed $6,000,000 shall be available for official travel expenses; of which not to exceed $500,000 shall be available for unforeseen emergencies of a confidential nature, to be allocated and expended under the direction of the Inspector General for Tax Administration**[**; and of which not to exceed $1,500 shall be available for official reception and representation expenses**]**.

TREASURY FORFEITURE FUND

[(RESCISSION)] ***(CANCELLATION)***

Of the unobligated balances available under this heading, **[**$769,000,000**]** *$875,000,000* are **[**rescinded**]** *hereby permanently cancelled not later than September 30, 2016.*

Community Development Financial Institutions Fund Program Account

To carry out the Riegle Community Development and Regulatory Improvements Act of 1994 (subtitle A of title I of Public Law 103–325), including services authorized by section 3109 of title 5, United States Code, but at rates for individuals not to exceed the per diem rate equivalent to the rate for EX-3, **[**$230,500,000**]** *$233,523,000*. Of the amount appropriated under this heading—(1) not less than **[**$152,400,000**]** *$157,593,000*, notwithstanding section 108(e) of Public Law 103–325 (12 U.S.C. 4707(e)) with regard to Small and/or Emerging Community Development Financial Institutions Assistance awards, is available until September 30, **[**2016**]** *2017*, for financial assistance and technical assistance under subparagraphs (A) and (B) of section 108(a)(1), respectively, of Public Law 103–325 (12 U.S.C. 4707(a)(1)(A) and (B)), of which up to $3,102,500 may be used for the cost of direct loans: *Provided*, That the cost of direct and guaranteed loans, including the cost of modifying such loans, shall be as defined in section 502 of the Congressional Budget Act of 1974: *Provided further*, That these funds are available to subsidize gross obligations for the principal amount of direct loans not to exceed $25,000,000; (2) not less than **[**$15,000,000**]** *$16,000,000*, notwithstanding section 108(e) of Public Law 103–325 (12 U.S.C. 4707(e)), is available until September 30, **[**2016**]** *2017*, for financial assistance, technical assistance, training and outreach programs designed to benefit Native American, Native Hawaiian, and Alaskan Native communities and provided primarily through qualified community development lender organizations with experience and expertise in community development banking and lending in Indian country, Native American organizations, tribes and tribal organizations, and other suitable providers; **[**(3) not less than $18,000,000 is available until September 30, 2016, for the Bank Enterprise Award program;**]** (**[**4**]***3*) not less than **[**$22,000,000**]** *$35,000,000*, notwithstanding subsections (d) and (e) of section 108 of Public Law 103–325 (12 U.S.C. 4707(d) and (e)), is available until September 30, **[**2016**]** *2017*, for a Healthy Food Financing Initiative to provide financial assistance, technical assistance, training, and outreach to community development financial institutions for the purpose of offering affordable financing and technical assistance to expand the availability of healthy food options in distressed communities; (**[**5**]***4*) up to **[**$23,100,000**]** *$24,930,000* is available until September 30, **[**2015**]** *2017*, for administrative expenses, including administration of CDFI fund programs *including the Capital Magnet Fund* and the New Markets Tax Credit Program, of which up to $1,000,000 is for capacity building to expand CDFI investments in underserved areas, and up to $300,000 is for administrative expenses to carry out the direct loan program; and (**[**6**]***5*) during fiscal year **[**2015**]** *2016*, none of the funds available under this heading are available for the cost, as defined in section 502 of the Congressional Budget Act of 1974, of commitments to guarantee bonds and notes under section 114A of the Riegle Community Development and Regulatory Improvement Act of 1994 (12 U.S.C. 4713a): *Provided*, That commitments to guarantee bonds and notes under such section 114A shall not exceed **[**$750,000,000: *Provided further*, That such section 114A shall remain in effect until September 30, 2015**]** *$1,000,000,000*.

Special Inspector General for the Troubled Asset Relief Program

Salaries and Expenses

For necessary expenses of the Office of the Special Inspector General in carrying out the provisions of the Emergency Economic

Stabilization Act of 2008 (Public Law 110–343), **[**$34,234,000**]** *$40,671,000*.

FINANCIAL CRIMES ENFORCEMENT NETWORK

SALARIES AND EXPENSES

For necessary expenses of the Financial Crimes Enforcement Network, including hire of passenger motor vehicles; travel and training expenses of non-Federal and foreign government personnel to attend meetings and training concerned with domestic and foreign financial intelligence activities, law enforcement, and financial regulation; services authorized by 5 U.S.C. 3109; not to exceed $10,000 for official reception and representation expenses; and for assistance to Federal law enforcement agencies, with or without reimbursement, **[**$112,000,000**]** *$112,979,000*, of which not to exceed $34,335,000 shall remain available until September 30, **[**2017**]** *2018*.

BUREAU OF THE FISCAL SERVICE

SALARIES AND EXPENSES

For necessary expenses of operations of the Bureau of the Fiscal Service, **[**$348,184,000**]** *$363,850,000*; of which not to exceed $4,210,000, to remain available until September 30, **[**2017**]** *2018*, is for information systems modernization initiatives; **[**and**]** of which $5,000 shall be available for official reception and representation expenses*; and of which not to exceed $19,800,000, to remain available until September 30, 2018, is to support the Department's activities related to implementation of the Digital Accountability and Transparency Act (DATA Act; Public Law 113–101), including changes in business processes, workforce, or information technology to support high quality, transparent Federal spending information*. In addition, $165,000, to be derived from the Oil Spill Liability Trust Fund to reimburse administrative and personnel expenses for financial management of the Fund, as authorized by section 1012 of Public Law 101–380.

ALCOHOL AND TOBACCO TAX AND TRADE BUREAU

SALARIES AND EXPENSES

For necessary expenses of carrying out section 1111 of the Homeland Security Act of 2002, including hire of passenger motor vehicles, **[**$100,000,000**]** *$101,439,000*; of which not to exceed $6,000 for official reception and representation expenses; not to exceed $50,000 for cooperative research and development programs for laboratory services; and provision of laboratory assistance to State and local agencies with or without reimbursement: *Provided*, That of the amount appropriated under this heading, **[**$3,000,000 shall be for the costs of criminal enforcement activities and special law enforcement agents for targeting tobacco smuggling and other criminal diversion activities**]** *such sums as are necessary shall be available to fully support tax enforcement and compliance activities including tax compliance to address the Federal tax gap, as specified for purposes of Section 251(b)(2) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended*.

UNITED STATES MINT

PUBLIC ENTERPRISE FUND

Pursuant to section 5136 of title 31, United States Code, the United States Mint is provided funding through the United States Mint Public Enterprise Fund for costs associated with the production of circulating coins, numismatic coins, and protective services, including both operating expenses and capital investments: *Provided*, That the aggregate amount of new liabilities and obligations incurred during fiscal year **[**2015**]** *2016* under such section 5136 for circulating coinage and protective service capital investments of the United States Mint shall not exceed $20,000,000.

INTERNAL REVENUE SERVICE

TAXPAYER SERVICES

For necessary expenses of the Internal Revenue Service to provide taxpayer services, including pre-filing assistance and education, filing and account services, taxpayer advocacy services, and other services as authorized by 5 U.S.C. 3109, at such rates as may be determined by the Commissioner, **[**$2,156,554,000**]** *$2,408,803,000*, of which not less than **[**$7,000,000**]** *$5,600,000* shall be for the Tax Counseling for the Elderly Program, of which not less than **[**$10,000,000**]** *$12,000,000* shall be available for low-income taxpayer clinic grants, and of which not less than $12,000,000, to remain available until September 30, **[**2016**]** *2017*, shall be available for a Community Volunteer Income Tax Assistance matching grants program for tax return preparation assistance, of which not less than $206,000,000 shall be available for operating expenses of the Taxpayer Advocate Service: *Provided*, That of the amounts made available for the Taxpayer Advocate Service, not less than $5,000,000 shall be for identity theft casework.

ENFORCEMENT

For necessary expenses for tax enforcement activities of the Internal Revenue Service to determine and collect owed taxes, to provide legal and litigation support, to conduct criminal investigations, to enforce criminal statutes related to violations of internal revenue laws and other financial crimes, to purchase and hire passenger motor vehicles (31 U.S.C. 1343(b)), and to provide other services as authorized by 5 U.S.C. 3109, at such rates as may be determined by the Commissioner **[**$4,860,000,000**]** *$5,399,832,000, of which not to exceed $150,000,000 shall remain available until September 30, 2017, and* of which not less than **[**$60,257,000**]** *$57,493,000* shall be for the Interagency Crime and Drug Enforcement program*: Provided, That, of the amounts provided under this heading, not less than $352,100,000, of which $5,000,000 shall be transferred to the Alcohol and Tobacco Tax and Trade Bureau, shall be for an additional appropriation for tax activities, including tax compliance to address the Federal tax gap, as specified for purposes of Section 251(b)(2) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended*.

OPERATIONS SUPPORT

For necessary expenses of the Internal Revenue Service to support taxpayer services and enforcement programs, including rent payments; facilities services; printing; postage; physical security; headquarters and other IRS-wide administration activities; research and statistics of income; telecommunications; information technology development, enhancement, operations, maintenance, and security; the hire of passenger motor vehicles (31 U.S.C. 1343(b)); and other services as authorized by 5 U.S.C. 3109, at such rates as may be determined by the Commissioner; **[**$3,638,446,000**]** *$4,743,258,000*, of which not to exceed $315,000,000 shall remain available until September 30, **[**2016**]** *2017*; *of which not to exceed $65,000,000 shall remain available until expended for acquisition of equipment and construction, repair and renovation of facilities;* of which not to exceed $1,000,000 shall remain available until September 30, **[**2017**]** *2018*, for research; of which **[**not less than**]***not to exceed* $1,850,000 shall be for the Internal Revenue Service Oversight Board; of which not to exceed $25,000 shall be for official reception and representation expenses: *Provided*, That not later than 30 days after the end of each quarter, the

Internal Revenue Service shall submit a report to the Committees on Appropriations of the House of Representatives and the Senate and the Comptroller General of the United States detailing the cost and schedule performance for its major information technology investments, including the purpose and life-cycle stages of the investments; the reasons for any cost and schedule variances; the risks of such investments and strategies the Internal Revenue Service is using to mitigate such risks; and the expected developmental milestones to be achieved and costs to be incurred in the next quarter: *Provided further*, That the Internal Revenue Service shall include, in its budget justification for fiscal year **[**2016**]** *2017*, a summary of cost and schedule performance information for its major information technology systems*: Provided further, That, of the amounts provided under this heading, such sums as are necessary shall be available to fully support tax enforcement and compliance activities, including not less than $315,197,000, for an additional appropriation for tax activities, including tax compliance to address the Federal tax gap, as specified for purposes of Section 251(b)(2) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended*.

BUSINESS SYSTEMS MODERNIZATION

For necessary expenses of the Internal Revenue Service's business systems modernization program, **[**$290,000,000**]** *$379,178,000*, to remain available until September 30, **[**2017**]** *2018*, for the capital asset acquisition of information technology systems, including management and related contractual costs of said acquisitions, including related Internal Revenue Service labor costs, and contractual costs associated with operations authorized by 5 U.S.C. 3109: *Provided*, That not later than 30 days after the end of each quarter, the Internal Revenue Service shall submit a report to the Committees on Appropriations of the House of Representatives and the Senate and the Comptroller General of the United States detailing the cost and schedule performance for CADE 2 and Modernized e-File information technology investments, including the purposes and life-cycle stages of the investments; the reasons for any cost and schedule variances; the risks of such investments and the strategies the Internal Revenue Service is using to mitigate such risks; and the expected developmental milestones to be achieved and costs to be incurred in the next quarter.

ADMINISTRATIVE PROVISIONS — INTERNAL REVENUE SERVICE

(INCLUDING TRANSFER OF FUNDS)

SEC. 101. Not to exceed 5 percent of any appropriation made available in this Act to the Internal Revenue Service may be transferred to any other Internal Revenue Service appropriation upon the advance **[**approval**]** *notification* of the Committees on Appropriations.

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

SEC. 103. The Internal Revenue Service shall institute and enforce policies and procedures that will safeguard the confidentiality of taxpayer information and protect taxpayers against identity theft.

SEC. 104. Funds made available by this or any other Act to the Internal Revenue Service shall be available for improved facilities and increased staffing to provide sufficient and effective 1–800 help line service for taxpayers. The Commissioner shall continue to make improvements to the Internal Revenue Service 1–800 help line service a priority and allocate resources necessary to enhance the response time to taxpayer communications, particularly with regard to victims of tax-related crimes.

[SEC. 105. None of the funds made available to the Internal Revenue Service by this Act may be used to make a video unless the Service-Wide Video Editorial Board determines in advance that making the video is appropriate, taking into account the cost, topic, tone, and purpose of the video.**]**

SEC. **[**106**]***105*. The Internal Revenue Service shall issue a notice of confirmation of any address change relating to an employer making employment tax payments, and such notice shall be sent to both the employer's former and new address and an officer or employee of the Internal Revenue Service shall give special consideration to an offer-in-compromise from a taxpayer who has been the victim of fraud by a third party payroll tax preparer.

[SEC. 107. None of the funds made available under this Act may be used by the Internal Revenue Service to target citizens of the United States for exercising any right guaranteed under the First Amendment to the Constitution of the United States.**]**

[SEC. 108. None of the funds made available in this Act may be used by the Internal Revenue Service to target groups for regulatory scrutiny based on their ideological beliefs.**]** **[**SEC. 109. None of funds made available by this Act to the Internal Revenue Service shall be obligated or expended on conferences that do not adhere to the procedures, verification processes, documentation requirements, and policies issued by the Chief Financial Officer, Human Capital Office, and Agency-Wide Shared Services as a result of the recommendations in the report published on May 31, 2013, by the Treasury Inspector General for Tax Administration entitled "Review of the August 2010 Small Business/Self-Employed Division's Conference in Anaheim, California" (Reference Number 2013–10–037).**]**

[SEC. 110. None of the funds made available by this Act may be used in contravention of section 6103 of the Internal Revenue Code of 1986 (relating to confidentiality and disclosure of returns and return information).**]**

SEC. 106. Section 9503(a) of title 5, United States Code, is amended by striking the clause "before September 30, 2013" and inserting "before September 30, 2020". SEC. 107. Section 9503(a)(5) of title 5, United States Code, is amended by inserting before the semicolon the following: "renewable for an additional two years, based on a critical organizational need".

ADMINISTRATIVE PROVISIONS – DEPARTMENT OF THE TREASURY

(INCLUDING TRANSFERS OF FUNDS)

SEC. **[**111**]***110*. Appropriations to the Department of the Treasury in this Act shall be available for uniforms or allowances therefor, as authorized by law (5 U.S.C. 5901), including maintenance, repairs, and cleaning; purchase of insurance for official motor vehicles operated in foreign countries; purchase of motor vehicles without regard to the general purchase price limitations for vehicles purchased and used overseas for the current fiscal year; entering into contracts with the Department of State for the furnishing of health and medical services to employees and their dependents serving in foreign countries; and services authorized by 5 U.S.C. 3109.

SEC. **[**112**]***111*. Not to exceed 2 percent of any appropriations in this title made available under the headings "Departmental Offices—Salaries and Expenses", "Office of Inspector General", "Special Inspector General for the Troubled Asset Relief Program", *"Community Development Financial Institutions Fund"*, "Financial Crimes Enforcement Network", "Bureau of the Fiscal Service", and "Alcohol and

Tobacco Tax and Trade Bureau" may be transferred between such appropriations upon the advance **[**approval**]** *notification* of the Committees on Appropriations of the House of Representatives and the Senate: *Provided*, That no transfer under this section may increase or decrease any such appropriation by more than 2 percent.

SEC. **[**113**]***112*. Not to exceed 2 percent of any appropriation made available in this Act to the Internal Revenue Service may be transferred to the Treasury Inspector General for Tax Administration's appropriation upon the advance **[**approval**]** *notification* of the Committees on Appropriations of the House of Representatives and the Senate: *Provided*, That no transfer may increase or decrease any such appropriation by more than 2 percent.

SEC. **[**114**]***113*. None of the funds appropriated in this Act or otherwise available to the Department of the Treasury or the Bureau of Engraving and Printing may be used to redesign the $1 Federal Reserve note.

SEC. **[**115**]***114*. The Secretary of the Treasury may transfer funds from the "Bureau of the Fiscal Service-Salaries and Expenses" to the Debt Collection Fund as necessary to cover the costs of debt collection: *Provided*, That such amounts shall be reimbursed to such salaries and expenses account from debt collections received in the Debt Collection Fund.

SEC. **[**116**]***115*. None of the funds appropriated or otherwise made available by this or any other Act may be used by the United States Mint to construct or operate any museum without the **[**explicit approval**]** *prior notification* of the Committees on Appropriations of the House of Representatives and the Senate, the House Committee on Financial Services, and the Senate Committee on Banking, Housing, and Urban Affairs.

SEC. **[**117**]***116*. None of the funds appropriated or otherwise made available by this or any other Act or source to the Department of the Treasury, the Bureau of Engraving and Printing, and the United States Mint, individually or collectively, may be used to consolidate any or all functions of the Bureau of Engraving and Printing and the United States Mint without the **[**explicit approval**]** *prior notification* of the House Committee on Financial Services; the Senate Committee on Banking, Housing, and Urban Affairs; and the Committees on Appropriations of the House of Representatives and the Senate.

SEC. **[**118**]***117*. Funds appropriated by this Act, or made available by the transfer of funds in this Act, for the Department of the Treasury's intelligence or intelligence related activities are deemed to be specifically authorized by the Congress for purposes of section 504 of the National Security Act of 1947 (50 U.S.C. 414) during fiscal year **[**2015**]** *2016* until the enactment of the Intelligence Authorization Act for Fiscal Year **[**2015**]** *2016*.

SEC. **[**119**]***118*. Not to exceed $5,000 shall be made available from the Bureau of Engraving and Printing's Industrial Revolving Fund for necessary official reception and representation expenses.

SEC. **[**120**]***119*. The Secretary of the Treasury shall submit a Capital Investment Plan to the Committees on Appropriations of the Senate and the House of Representatives not later than 30 days following the submission of the annual budget submitted by the President: *Provided*, That such Capital Investment Plan shall include capital investment spending from all accounts within the Department of the Treasury, including but not limited to the Department-wide Systems and Capital Investment Programs account, Treasury Franchise Fund account, and the Treasury Forfeiture Fund account: *Provided further*, That such Capital

Investment Plan shall include expenditures occurring in previous fiscal years for each capital investment project that has not been fully completed.

SEC. **[**121**]***120*. (a) Not later than 60 days after the end of each quarter, the Office of Financial Stability and the Office of Financial Research shall submit reports on their activities to the Committees on Appropriations of the House of Representatives and the Senate, the Committee on Financial Services of the House of Representatives and the Senate Committee on Banking, Housing, and Urban Affairs. (b) The reports required under subsection (a) shall include—(1) the obligations made during the previous quarter by object class, office, and activity; (2) the estimated obligations for the remainder of the fiscal year by object class, office, and activity; (3) the number of full-time equivalents within each office during the previous quarter; (4) the estimated number of full-time equivalents within each office for the remainder of the fiscal year; and (5) actions taken to achieve the goals, objectives, and performance measures of each office. (c) At the request of any such Committees specified in subsection (a), the Office of Financial Stability and the Office of Financial Research shall make officials available to testify on the contents of the reports required under subsection (a).

SEC. **[**122**]***121*. Within 45 days after the date of enactment of this Act, the Secretary of the Treasury shall submit an itemized report to the Committees on Appropriations of the House of Representatives and the Senate on the amount of total funds charged to each office by the Franchise Fund including the amount charged for each service provided by the Franchise Fund to each office, a detailed description of the services, a detailed explanation of how each charge for each service is calculated, and a description of the role customers have in governing in the Franchise Fund.

[SEC. 123. The Secretary of the Treasury, in consultation with the appropriate agencies, departments, bureaus, and commissions that have expertise in terrorism and complex financial instruments, shall provide a report to the Committees on Appropriations of the House of Representatives and Senate, the Committee on Financial Services of the House of Representatives, and the Committee on Banking, Housing, and Urban Affairs of the Senate not later than 90 days after the date of enactment of this Act on economic warfare and financial terrorism.**]**

SEC. 122. Section 5112 of title 31, United States Code, is amended as follows—(*a*) *in subsection (a)(2) by striking "and weighs 11.34 grams";* (*b*) *in subsection (a)(3) by striking "and weighs 5.67 grams";* (*c*) *in subsection (a)(4) by striking "and weighs 2.268 grams";* (*d*) *in subsection (a)(5) by striking "and weighs 5 grams";* (*e*) *in subsection (a)(6) by striking "except as provided under subsection (c) of this section," and "and weighs 3.11 grams";* (*f*) *in subsection (b) by striking the first, second, third, fourth, sixth, seventh, and eighth sentences, and by striking "metallic,"; and* (*g*) *in subsection (c) by amending the subsection to read as follows—"The Secretary shall prescribe the weight and the composition of the dollar, half-dollar, quarter-dollar, dime, 5-cent, and one-cent coins. In prescribing the weight and the composition of the dollar, half-dollar, quarter-dollar, dime, 5-cent and one cent coins, the Secretary shall consider such factors that the Secretary considers, in the Secretary's sole discretion, to be appropriate."* (*h*) *in subsection (r)(5) by inserting "for circulation" after both instances of "minted and issued."* (*i*) *in subsection (t)(6)(B) by striking "90 percent silver and 10 percent copper" and inserting "no less than 90 percent silver."*

SEC. 123. Section 5113(a) of title 31, United States Code, is amended by—(a) striking "and" after "quarter dollar" and inserting after the word "dime" ", 5-cent, and one-cent"; and (b) striking the second and third sentences.

SEC. 124. Section 5132(a)(2)(B)(i) of title 31, United States Code, is amended by striking "90 percent silver and 10 percent copper" and inserting "no less than 90 percent silver."

SEC. 125. Of the funds made available by this Act to the Internal Revenue Service and Alcohol Tobacco Tax and Trade Bureau, not less than $9,577,232,000 shall be specified to pay for the costs of tax activities, including tax compliance to address the Federal tax gap, as specified for purposes of section 251(b)(2) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended.

SEC. 126. AMENDMENTS TO COMMUNITY DEVELOPMENT FINANCIAL INSTITUTIONS BOND PROGRAM. Section 114A of the Riegle Community Development and Regulatory Improvement Act of 1994 (12 U.S.C. 4713a) is amended—(a) in subsection (c)(2) by striking ", multiplied by an amount equal to the outstanding principal balance of issued notes or bonds";(b) by amending subsection (d) to read as follows—"(d) RISK-SHARE POOL.— Each qualified issuer shall, during the term of a guarantee provided under the Program, establish a risk-share pool, capitalized by contributions from eligible community development financial institution participants in amounts that shall not exceed 4 percent of the guaranteed amount outstanding on the subject notes and bonds, which contribution amounts shall be determined by the Secretary for each eligible community development financial institution participant based on the Secretary's assessment of the participant's credit quality."; (c) in subsection (e)(2)(B), by striking "$100,000,000" and inserting "$25,000,000"; (d) in subsection (g) by amending the subsection to read as follows: "(g) FEES.—"(1) IN GENERAL.—"(A) QUALIFIED ISSUER.—A qualified issuer that receives a guarantee issued under this section on a bond or note shall pay a fee to the Secretary, in an amount equal to 10 basis points of the amount of the unpaid principal of the bond or note guaranteed. "(B) ELIGIBLE CDFI PARTICIPANT.—An eligible community development financial institution participant that receives a bond loan under this section shall pay a fee to the Secretary, in an amount equal to 1 percent of the unpaid principal of the bond or note guaranteed."(2) PAYMENT.—"(A) QUALIFIED ISSUER.—A qualified issuer shall pay the fee required under paragraph (1)(A) on an annual basis. "(B) ELIGIBLE CDFI PARTICIPANT.—An eligible community development financial institution participant shall pay the fee required under paragraph (1)(B) at the time of loan disbursements to the participant. "(3) USE OF FEES.—Fees collected by the Secretary—"(A) under paragraph (1)(A) shall be used to reimburse the Department of the Treasury for any administrative costs incurred by the Department in implementing the Program established under this section and shall be available until expended; and "(B) under paragraph (1)(B) shall be deposited by the Secretary into an account that shall be available to the Secretary to cover credit subsidy costs and to pay principal and interest on the guaranteed bonds or notes in the event of a delinquency in repayment of loans to eligible community development financial institution participants."; and (e) in subsection (k), by striking "2014" and inserting "2017".

Mandatory Funding Levels for the FY 2016 President's Budget – Treasury Chapter

(dollars in millions)

(includes legislative proposals)

Appropriations (Dollars in Millions)	FY 2014	FY 2015	FY 2016		
	Enacted	Estimated	Estimated	$ Change	% Change
Refunding Internal Revenue Collections, Interest	1,038	1,509	2,024	$515	34.1%
Payment to Resolution Funding Corporation	2,628	2,628	2,628	$0	0.0%
Interest on Uninvested Funds	27	24	24	$0	0.0%
Restitution of Forgone Interest	1,244	0	0	$0	0.0%
Federal Interest Liabilities to States	1	1	2	$1	100.0%
Interest Paid To Credit Financing Accounts	7,855	13,889	15,038	$1,149	8.3%
Interest on Public Debt	429,568	431,591	485,751	$54,160	12.5%
Other Interest	-40,912	-57,296	-62,391	-$5,095	8.9%
INTEREST PAYMENTS:	$401,449	$392,346	$443,076	$50,730	12.9%
MANDATORY ACCOUNTS:					
Biomass Energy Development	-3	0	0	$0	0.0%
Build America Bond Payments, Recovery Act	3,597	3,890	4,191	$301	7.7%
Check Forgery Insurance Fund	16	16	16	$0	0.0%
Cheyenne River Sioux Tribe Terrestrial Wildlife Habitat Restoration Trust Fund	2	2	1	-$1	-50.0%
Claims, Judgments, and Relief Acts	3,674	816	816	$0	0.0%
Community Development Financial Institutions Fund Program Account	1	1	64	$63	6300.0%
Comptroller of the Currency	641	1,014	1,081	$67	6.6%
Continued Dumping and Subsidy Offset	72	72	55	-$17	-23.6%
Exchange Stabilization Fund	99	117	160	$43	36.8%
Federal Financing Bank	2,474	2,745	2,869	$124	4.5%
Federal Reserve Bank Reimbursement Fund	427	395	397	$2	0.5%
Federal Tax Lien Revolving Fund	1	1	1	$0	0.0%
Financial Agent Services	599	670	670	$0	0.0%
Financial Research Fund	100	123	133	$10	8.1%
Fiscal Service	102	102	106	$4	3.9%
Grants for Specified Energy Property in Lieu of Tax Credits, Recovery Act	3,342	2,007	1,162	-$845	-42.1%
GSE Mortgage-Backed Securities Purchase Program Account	8	178	3	-$175	-98.3%
Gulf Coast Restoration Trust Fund	322	177	12	-$165	-93.2%
Informant Payments	35	70	75	$5	7.1%
Internal Revenue Collections for Puerto Rico	303	391	344	-$47	-12.0%
IRS Miscellaneous Retained Fees	365	373	376	$3	0.8%
Office of Financial Stability	217	184	155	-$29	-15.8%
Pay for Success	0	0	300	$300	0.0%
Payment in Lieu of Tax Credits for Promise Zones	0	0	12	$12	0.0%
Payment of Government Losses in Shipment	1	1	1	$0	0.0%
Payment to Issuer of New Clean Renewable Energy Bonds	29	27	29	$2	7.4%
Payment to Issuer of Qualified Energy Conservation Bonds	32	30	32	$2	6.7%
Payment to Issuer of Qualified School Construction Bonds	621	606	660	$54	8.9%
Payment to Issuer of Qualified Zone Academy Bonds	55	49	53	$4	8.2%
Payment to the Santee Sioux Tribe Development Trust Fund	7	0	0	$0	0.0%
Payment to the Yankton Sioux Tribe Development Trust Fund	33	0	0	$0	0.0%
Payment Where Adoption Credit Exceeds Liability for Tax	58	29	0	-$29	-100.0%
Payment Where Alternative Minimum Tax Credit Exceeds Liability for Tax	67	45	20	-$25	-55.6%
Payment Where American Opportunity Credit Exceeds Liability for Tax	4,244	4,295	4,356	$61	1.4%
Payment Where Certain Tax Credits Exceed Liability for Corporate Tax	39	130	40	-$90	-69.2%
Payment Where Child Tax Credit Exceeds Liability for Tax	21,490	21,511	22,434	$923	4.3%
Payment Where COBRA Credit Exceeds Liability for Tax	1	0	0	$0	0.0%
Payment Where Earned Income Credit Exceeds Liability for Tax	60,087	60,105	60,402	$297	0.5%
Payment Where Health Coverage Tax Credit Exceeds Liability for Tax	23	1	1	$0	0.0%
Payment Where Small Business Health Insurance Tax Credit Exceeds Liability	74	66	71	$5	7.6%
Presidential Election Campaign Fund	30	48	54	$6	12.5%
Refundable Premium Tax Credit and Cost Sharing Reductions	13,068	28,564	44,782	$16,218	56.8%
Reimbursements to Federal Reserve Banks	107	127	123	-$4	-3.1%
Santee Sioux Tribe Development Trust Fund	6	0	0	$0	0.0%
Small Business Lending Fund Program Account	42	30	15	-$15	-50.0%
State Small Business Credit Initiative	0	0	1,500	$1,500	0.0%
Terrorism Insurance Program	2	87	230	$143	164.4%
Therapeutic Discovery Program Grants and Administration	1	0	0	$0	0.0%
Travel Promotion Fund	93	93	100	$7	7.5%
Treasury Forfeiture Fund	-6	557	1,378	$821	147.4%
Troubled Asset Relief Program Account	90	0	0	$0	0.0%
Troubled Asset Relief Program Equity Purchase Program	0	3	0	-$3	-100.0%
Yankton Sioux Tribe Development Trust Fund	30	2	0	-$2	-100.0%
Subtotal, MANDATORY ACCOUNTS	$116,718	$129,750	$149,280	$19,530	15.1%
Offsets:					
Treasury Mandatory Offsetting Receipts	-84,535	-29,324	-24,743	$4,581	-15.6%
TOTAL, DEPARTMENT OF THE TREASURY	**$433,632**	**$492,772**	**$567,613**	**$74,841**	**15.2%**

Total Treasury Department Mandatory Budget

The Treasury Department Mandatory Budget includes $568 billion dollars in interest payments, mandatory accounts, and offsetting receipts (offsets). These accounts and the estimated budget authority are summarized below. Account totals include the effects of FY 2016 policy proposals. For more detailed descriptions of each account, please see the Department of the Treasury chapter in the FY 2016 Appendix, Budget of the U.S. Government at:
http://www.whitehouse.gov/omb/budget.

Interest Payments - $443 billion
These are permanent, indefinite funds for interest payments. This includes Interest on the Public Debt, which consists of all interest paid on Treasury securities and sold to the public and to Federal Government trust Funds, revolving funds and deposit funds. Treasury interest payment accounts also consist of Refunds on Internal Revenue Collections interest, Interest on Uninvested Funds, Interest paid to Credit Financing Accounts, Federal Interest Liabilities to the States, and Payments to the Resolution Funding Corporation.

Mandatory Accounts - $149 billion
These are accounts for which the Congress has given the Department of the Treasury permanent authority to expend funds. These include permanent authority appropriations that fund a number of programs under Treasury jurisdiction such as the Terrorism Risk Insurance Program; the Small Business Lending Fund and the State Small Business Credit Initiative. This also includes programs run out of the Office of Financial Stability, including the Troubled Asset Relief Program (TARP). Other accounts that fall under mandatory programs include all Internal Revenue Service refundable tax credit accounts, certain user fees, and informant payments, as well as Grants for Specified Energy Property, and Therapeutic Discovery Program Grants. The Department is also a custodian for a number of government accounts and funds listed in this section and further detailed in the FY 2016 Appendix, Budget of the U.S. Government.

Mandatory Offsetting Receipts - $25 billion
Treasury's mandatory accounts are offset by receipts which include payments to the Government that, by law, are credited directly to expenditure accounts and deducted from gross budget authority and outlays of the expenditure account. Treasury's offsetting receipts also include the non-budgetary accounts that record all cash flows to and from the Government resulting from direct loans obligated since 2008.