Message from the Secretary of the Treasury

Dear Member:

The Fiscal Year (FY) 2017 President's Budget requests $13.3 billion for Treasury's operating bureaus and $2.3 billion for our International Programs. The proposal identifies investments to fairly collect revenue—including a program integrity cap adjustment yielding a net increase of $46 billion over the next ten years—and investments that fight terrorism, improve cybersecurity, and continue strengthening 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. We recognize the increased funding for the IRS in FY 2016 and hope it reflects a step back towards providing the resources needed to fulfil its critical mission. Despite the increase, the IRS remains severely underfunded; its current operating budget is $911 million lower than it was in FY 2010. These reductions are costing billions of dollars each year in lost enforcement revenue, yielding poor customer service for taxpayers and resulting in insufficient investment in the cybersecurity programs necessary to protect taxpayer data from illicit access. The FY 2017 request begins to restore these funds and allow the IRS to rebuild the quality service that American taxpayers deserve.

Treasury's request also includes funding to combat the Islamic State of Iraq and the Levant (ISIL), as well as other international threats, by bolstering our economic sanctions regimes, and leveraging intelligence collection and international partnerships. It includes a new centralized cybersecurity fund to invest in improved protection for Treasury systems that house taxpayer, financial sector and other business, and government data. The request also invests in the Community Development Financial Institutions Fund to promote economic development in low-income and underserved communities.

Treasury's International Programs request funds general capital increases and replenishments in multilateral development banks and continues making progress on reducing our unpaid commitments, a top Administration priority. The request also invests in the Office of Technical Assistance (OTA) as the first step towards meeting the Administration's commitment to double OTA resources by 2020 and provides investments in the Green Climate Fund to support the transition of developing countries to a low-emission and climate resilient development path.

The FY 2017 Congressional Budget Justification includes the information required for the Annual Performance Report. I have validated the accuracy, completeness and reliability of the performance data in this report.

Sincerely,

Jacob J. Lew

U.S. Department of the Treasury
FY 2017 Budget in Brief

Summary of FY 2017 President's Budget

Appropriated Accounts – Bureau Program Detail

Non-Appropriated Accounts – Bureau Program Detail

Treasury International Programs

Supplemental Information

The information presented in the FY 2017 Budget in Brief is accurate and complete as of February 9, 2016. 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 2017 President's Budget by Function

Dollars in Thousands

	FY 2015 Enacted	FY 2016 Enacted	FY 2017 Request	FY 2016 to FY 2017 Increase/ Decrease	FY 2016 to FY 2017 Percent Change
Management & Financial	$1,343,704	$1,404,653	$1,520,463	$115,810	8.2%
Departmental Offices Salaries and Expenses	$210,000	$222,500	$217,376	($5,124)	-2.3%
Terrorism and Financial Intelligence (TFI)	$112,500	$117,000	$117,000	$0	0.0%
Departmental Offices Salaries and Expenses	**$322,500**	**$339,500**	**$334,376**	**($5,124)**	**-1.5%**
Cybersecurity Enhancement	$0	$0	$109,827	$109,827	100.0%
Department-wide Systems and Capital Investments Program	$2,725	$5,000	$5,000	$0	0.0%
Office of Inspector General	$35,351	$35,416	$37,044	$1,628	4.6%
Treasury IG for Tax Administration	$158,210	$167,275	$169,634	$2,359	1.4%
Special Inspector General for TARP	$34,234	$40,671	$41,160	$489	1.2%
Community Development Financial Institutions Fund	$230,500	$233,523	$245,923	$12,400	5.3%
Financial Crimes Enforcement Network	$112,000	$112,979	$115,003	$2,024	1.8%
Alcohol and Tobacco Tax and Trade Bureau	$100,000	$106,439	$111,439	$5,000	4.7%
Program Cap Adjustment Included in IRS	*$0*	*$0*	*($5,000)*	*($5,000)*	*NA*
Net, Alcohol and Tobacco Tax and Trade	**$100,000**	**$106,439**	**$106,439**	**$0**	**0.0%**
Bureau of the Fiscal Service	$348,184	$363,850	$353,057	($10,793)	-3.0%
Treasury Franchise Fund	$0	$0	$3,000	$3,000	100.0%
Tax Administration	$10,945,000	$11,235,000	$12,280,095	$1,045,095	9.3%
IRS Taxpayer Services	$2,156,554	$2,156,554	$2,406,318	$249,764	11.6%
IRS Enforcement	$4,860,000	$4,860,000	$5,216,263	$356,263	7.3%
IRS Operations Support	$3,638,446	$3,638,446	$4,314,099	$675,653	18.6%
IRS Business Systems Modernization	$290,000	$290,000	$343,415	$53,415	18.4%
IRS Administrative Provisions[2]	$0	$290,000	$0	($290,000)	-100.0%
Less, IRS Cap Adjustment	*$0*	*$0*	*$514,748*	*$514,748*	*NA*
IRS Total, Excluding Cap Adjustment	***$10,945,000***	***$11,235,000***	***$11,765,347***	***$530,347***	***4.7%***
Subtotal, Treasury Appropriations Committee excluding Cap Adjustment and TEOAF	**$12,288,704**	**$12,639,653**	**$13,285,810**	**$646,157**	**5.1%**
Treasury Forfeiture Fund	($944,000)	($876,000)	($657,000)	$219,000	25.0%
Subtotal, Treasury Appropriations Committee including TEOAF	**$11,344,704**	**$11,763,653**	**$12,628,810**	**$865,157**	**7.4%**
Cap Adjustment	$0	$0	$514,748	$514,748	N/A
Total, Treasury Appropriations Committee including Cap Adjustment and TEOAF	**$11,344,704**	**$11,763,653**	**$13,143,558**	**$1,379,905**	**11.7%**
Treasury International Programs	**$2,454,304**	**$2,313,470**	**$2,318,521**	**$5,051**	**0.2%**
Economic Growth, National Security and Poverty Reduction (Multilateral Development Banks)	$1,999,804	$1,816,477	$1,802,958	($13,519)	-0.7%
Food Security	$30,000	$74,930	$53,000	($21,930)	-29.3%
Environmental Trust Funds	$401,000	$398,563	$409,063	$10,500	2.6%
Global Infrastructure Facility	$0	$0	$20,000	$20,000	100.0%
Office of Technical Assistance (OTA)	$23,500	$23,500	$33,500	$10,000	42.6%
International Monetary Fund[1]	$0	$0	$0	$0	NA
Total, Treasury Appropriations	**$13,799,008**	**$14,077,123**	**$15,462,079**	**$1,384,956**	**9.8%**

1/ Allocated as follows: $176.8 million Taxpayer Services, $4.9 million Enforcement, and $108.2 million Operations Support.

2/ The Consolidated Appropriations Act, 2016 includes IMF quota reform. The reforms will not be funded through Treasury's 150s Account, but rather through emergency funding.

Funding Highlights

The President's Fiscal Year (FY) 2017 Budget provides $13.3 billion for Treasury's operating accounts and $2.3 billion for Treasury's international assistance programs in discretionary funding. This includes:

- Helping developing nations reduce carbon pollution, strengthen climate resilience, and pursue smart and sustainable long-term economic growth through a $250 million contribution to the Green Climate Fund as part of a combined Treasury Department and State Department investment of $750 million.
- Investing $11.8 billion in base discretionary resources for the Internal Revenue Service (IRS), an increase of $530 million (4.7 percent) from FY 2016, to fairly enforce the tax code and improve taxpayer services, including by developing and enhancing online tools for taxpayers.
- Enhancing existing security systems on its internal Department networks and public websites, and supporting public-private cybersecurity coordination with a new $110 million Department-wide Cybersecurity Enhancement Account.
- Funding the Office of Terrorism and Financial Intelligence with $117 million to curb terrorist financing, including ISIL financing, and to implement sanctions targeting Iran, North Korea, Syria, and more, as well as $115 million for the Financial Crimes Enforcement Network.
- Promoting economic development in low-income and underserved communities through a $12 million increase (5.3 percent) from FY 2016 for the Community Development Financial Institutions Fund for a total of $246 million.

Reforms

- The Budget proposes a multi-year program integrity cap adjustment for tax enforcement activities, including $515 million in FY 2017 to reduce the deficit and narrow the tax gap, yielding net taxpayer savings of $46 billion over the next 10 years.
- It also proposes legislation authorizing and funding new programs to facilitate private investment to renew our Nation's infrastructure, invest in small business job creation, and partner with private industry and local governments to promote stable income and sustainable savings practices for working families.

Treasury's mission is to maintain a strong economy and create economic and job opportunities by promoting conditions that enable growth and stability at home and abroad; strengthen national security by combating threats and protecting the integrity of the financial system; and manage the federal government's finances. To support this mission, the FY 2017 President's Budget requests $13.3 billion in discretionary appropriations for Treasury's operating accounts. The Budget also proposes a multi-year program integrity cap adjustment, including $515 million in FY 2017, for critical IRS tax enforcement and compliance functions estimated to reduce the deficit by $46 billion over the 10-year budget window. In addition, the Budget proposes $2.3 billion for Treasury's International Assistance programs to promote our national security, open new markets for U.S. exporters, drive progress on sustainable development, and address key global challenges such as food security and the environment.

Encouraging International Economic Growth and Stability

The Treasury Department's $2.3 billion FY 2017 International Assistance programs budget offers a cost effective way to provide U.S. leadership in international development, advance national security, and expand export markets for American businesses by promoting international financial stability and supporting key global initiatives such as reducing poverty, improving food security, investing in infrastructure, and addressing climate change. The Budget fully funds annual payments to the multilateral development banks to maintain U.S. shareholding positions and to provide a source of low-cost loans and grants for the world's poorest countries. Additionally, the Budget includes $20 million for the World Bank Global Infrastructure Facility, a fund that will catalyze private investment in public infrastructure projects. The Budget also includes a significant increase for Treasury's Office of Technical Assistance (OTA), as the first step toward meeting the Administration's commitment at the Financing for Development conference in July 2015 to double OTA resources by 2020 as part of the U.S. effort to significantly increase funding for domestic resource mobilization.

The Budget includes $250 million toward the U.S. pledge to the Green Climate Fund, providing a total of $750 million when combined with $500 million provided through the Department of State. The request will support climate finance for developing nations, especially the poorest and most vulnerable, as they strengthen climate resilience, invest in clean energy, and implement their commitments to reduce carbon pollution on a pathway towards sustainable economic growth and development. The Budget also includes $137 million for the annual replenishment commitment to the Global Environment Facility (GEF) and $13 million to help Central American countries plus the Dominican Republic purchase catastrophe risk insurance and enhance disaster risk management capacity through the CCRIF Segregated Portfolio Company (formerly known as the Caribbean Catastrophe Risk Insurance Facility).

In addition Budget includes $53 million for investments to support food security. By harnessing the power of public-private partnerships and encouraging innovative financing mechanisms, donors have committed to funding agricultural investment plans to improve nutritional outcomes in poor countries, with the goal of eliminating world hunger.

Fairly Enforcing the Tax Code

In FY 2016, IRS funding remains $911 million lower than its FY 2010 level despite an increasing workload resulting in part from new legislative mandates. The FY 2017 Budget provides the IRS with $11.8 billion in base discretionary resources, an increase of $530 million (4.7 percent) from FY 2016, restoring the resource levels necessary to maintain the integrity of the tax system, fairly enforce the tax code, and provide adequate levels of taxpayer services. With these investments, the IRS will increase staffing for traditional taxpayer services, bolster defenses against stolen identify refund fraud, and provide assistance to taxpayers who call the IRS for assistance. In addition, the Budget invests in new IT architecture that will enable the IRS to modernize and secure its online services and provides taxpayers with an experience comparable to what they have come to expect from financial institutions.

Additionally, the Budget includes a $515 million FY 2017 cap adjustment to support program integrity efforts aimed at restoring enforcement of current tax laws to acceptable levels, investigating transnational organized crime, pursuing abusive tax schemes, and enforcing the new Foreign Account Tax Compliance Act (FATCA). The targeted investments funded from the cap adjustment in FY 2017 are expected to generate nearly $3 billion in annual revenue once fully operationalized in FY 2019, returning roughly $6 to the government for every dollar invested for these initiatives.

Improving the Cybersecurity of Treasury's Networks and Data

The Budget proposes a new $110 million Department-wide Cybersecurity Enhancement Account to more strategically focus Treasury's cybersecurity efforts and avoid fragmentation of IT management across bureaus that leads to cost inefficiencies and limits Treasury's ability to nimbly respond in the event of a cyberattack. The IRS is currently partnering with the U.S. Digital Service to bolster electronic authentication procedures for access to all IRS digital services, and in FY 2017 Treasury will expand on this effort by deploying a new Digital Infrastructure Security Team to enhance existing security systems on its internal networks and public websites, thereby safeguarding the data on those systems department-wide.

Combating ISIL and Other International Threats

Treasury's Office of Terrorism and Financial Intelligence (TFI) is responsible for leading the policy, enforcement, regulatory, and intelligence functions of Treasury aimed at identifying and disrupting financial support to international terrorist organizations, proliferators of weapons of mass destruction, narcotics traffickers, and other illicit actors. This includes efforts to cut off ISIL from the international financial system and to combat the threats we face from Iran and North Korea, among others. The Budget invests $117 million to support TFI in the Treasury's efforts to combat money laundering and terrorist financing, implement sanctions programs, and manage Treasury's intelligence and other functions in support of U.S. national security policies and interests and law enforcement.

The Budget also provides $115 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. FinCEN's data analytics and unique authorities under the Bank Secrecy Act are important tools in the U.S. effort to combat ISIL and other threats to national security.

Empowering Community Development and Economic Growth

The Budget includes $246 million for the Community Development Financial Institutions (CDFI) Fund, a $12 million increase (5.3 percent) from FY 2016, to promote economic development investments in low-income and underserved communities. The request provides funding for the CDFI Program, the Healthy Food Financing Initiative, the Native American CDFI Assistance Program, and the Bank Enterprise Award Program.
The 2017 Budget also provides funding for a new CDFI small dollar loan program to support broader access to safe and affordable financial products and provide an alternative to predatory lending.

The Budget also extends the CDFI Bond Guarantee program through FY 2017, providing up to $1 billion of long-term capital to CDFIs that support lending in underserved communities. The CDFI Bond Guarantee program will continue to operate with no taxpayer funded subsidy.

New Mandatory Programs

The Budget includes a series of mandatory proposals to facilitate private investment to renew our Nation's infrastructure, invest in small business job creation, and partner with private industry and local governments to promote stable income and sustainable savings practices for working families.

Allotment for Puerto Rico EITC Payments

The Budget proposes a $600 million annual allotment, indexed to inflation, to create a refundable locally-administered Earned Income Tax Credit (EITC) for residents of Puerto Rico. Unlike Americans living in the 50 states and the District of Columbia, residents of Puerto Rico are not eligible for an EITC. Given Puerto Rico's low labor force participation rate, the existence of an EITC should increase employment in Puerto Rico's formal sector by providing higher incomes to workers who file taxes. This added incentive for participation in Puerto Rico's formal economy should also increase Puerto Rico's tax compliance and tax revenues.

Investing in Infrastructure

The Budget establishes a new Financing America's Infrastructure Renewal (FAIR) program within Treasury that would provide direct loans to U.S. infrastructure projects developed through public-private partnerships. Eligible projects under the program will encompass the transportation, water, energy, and broadband sectors, as well as certain social infrastructure, such as educational facilities, and must meet all applicable environmental and labor standards. The program is estimated to provide $15 billion in direct loans over 10 years at no cost to taxpayers.

Supporting Small Businesses

The Budget includes a new authorization of $1.5 billion for the State Small Business Credit Initiative (SSBCI) to build on the momentum of the program by strengthening the federal government's relationships with state economic development agencies, and providing capital to America's diverse community of entrepreneurs. Since it was first enacted in 2010, SSBCI has supported over 12,400 private sector loans or investments in small businesses, and helped create or retain over 140,000 jobs as reported by recipient small businesses. The 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 the pace of economic recovery.

Encouraging Projects that Pay for Success

The Budget includes a $300 million one-time mandatory appropriation for a new Pay for Success (PFS) program administered by Treasury. This program will support the growing number of state and local governments seeking to establish projects that use PFS financing. These projects leverage private investment to provide preventive social services that measurably `improve outcomes for families and communities while generating value to the government, including savings. The PFS Incentive Fund will help to strengthen the ability of state and local governments to achieve measurable impact for people and communities. In addition, by providing centralized support and expertise for PFS at Treasury, the Incentive Fund will encourage the evolution of this nascent field into a more robust and sustainable public and private market.

Financial Innovation for Working Families Fund

The Budget includes a $100 million mandatory fund for Treasury to encourage the development of innovative private-sector financial products and services that would help low- to moderate-income workers build up “rainy day” reserves. The reserves would provide these workers and their families with a buffer against shocks to income and spending needs.

FY 2017 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	$ 492,016	$ 27,676	$ 86,277	$ 20,667	$ 619,258	$ 279,461	$ 254,171	$ 57,449	$ 68,741	$ 6,537	$ 1,520,463	$ 391,790
Departmental Offices Salaries and Expenses	68,530	14,878	86,277	20,667	46,347	13,561	115,573	47,249	17,649	6,537	334,376	102,892
Cybersecurity Enhancement					62,084		1,651		46,092		109,827	-
Department-wide Systems and Capital Investments Program									5,000		5,000	-
Office of Inspector General					15,100	1,800	21,944	8,700			37,044	10,500
Treasury Inspector General for Tax Administration					169,634	1,500					169,634	1,500
Special Inspector General for TARP	41,160										41,160	-
Community Development Financial Institutions Fund	245,923										245,923	-
Financial Crimes Enforcement Network							115,003	1,500			115,003	1,500
Alcohol and Tobacco Tax and Trade Bureau	52,879	3,318			53,560	3,594					106,439	6,912
Bureau of the Fiscal Service	83,524	9,480			269,533	259,006					353,057	268,486
Treasury Franchise Fund					3,000						3,000	-
Tax Administration	$ -	$ -	$ -	$ -	$ 12,280,095	$ 140,686	$ -	$ -	$ -	$ -	$ 12,280,095	$ 140,686
IRS Taxpayer Services					2,406,318	36,465					2,406,318	36,465
IRS Enforcement					5,216,263	47,222					5,216,263	47,222
IRS Operations Support					4,314,099	56,999					4,314,099	56,999
Business Systems Modernization					343,415						343,415	-
Total, Treasury Appropriations Committee	**$ 492,016**	**$ 27,676**	**$ 86,277**	**$ 20,667**	**$ 12,899,353**	**$ 420,147**	**$ 254,171**	**$ 57,449**	**$ 68,741**	**$ 6,537**	**$ 13,800,558**	**$ 532,476**
Treasury International Programs			2,318,521								2,318,521	-
Total, Appropriated Level	**492,016**	**27,676**	**2,404,798**	**20,667**	**12,899,353**	**420,147**	**254,171**	**57,449**	**68,741**	**6,537**	**16,119,079**	**532,476**
Non-Appropriated Bureaus	**$ 147,162**	**$ 5,059,334**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 3,000**	**$ 21,963**	**$ -**	**$ -**	**$ 150,162**	**$ 5,081,297**
Office of Financial Stability (Administrative Account)	127,430										127,430	-
Small Business Lending Fund Program (Administrative)	13,405										13,405	-
State Small Business Credit Initiative (Administrative)	6,327										6,327	-
Terrorism Risk Insurance (Administrative)							3,000				3,000	-
Financial Stability Oversight Council		18,019									-	18,019
Office of Financial Research		104,770									-	104,770
Bureau of Engraving and Printing		846,335									-	846,335
United States Mint		2,956,207									-	2,956,207
Office of the Comptroller of the Currency		1,134,003						21,963			-	1,155,966
Subtotal, Direct $	**$ 639,178**		**$ 2,404,798**		**$ 12,899,353**		**$ 257,171**		**$ 68,741**		**$ 16,269,241**	
Subtotal, Reimbursable $		**$ 5,087,010**		**$ 20,667**		**$ 420,147**		**$ 79,412**		**$ 6,537**		**$ 5,613,773**
Total, Treasury Level	**$ 5,726,188**		**$ 2,425,465**		**$ 13,319,500**		**$ 336,583**		**$ 75,278**		**$ 21,883,014**	

1/ Total does not include the proposed $657 million Forfeiture Fund permanent cancellation.

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

Dollars in Thousands

	2015 Actual			2016 Enacted			2017 President's Budget		
Appropriation	Direct	Reimb.	Total	Direct	Reimb.	Total	Direct	Reimb.	Total
Departmental Offices Salaries and Expenses	771	197	968	872	197	1,069	1,290	166	1,456
Terrorism and Financial Intelligence	356	29	385	377	29	406	0	0	0
Cybersecurity Enhancement	0	0	0	0	0	0	86	0	86
Office of Inspector General	151	10	161	194	19	213	194	19	213
Treasury Inspector General for Tax Administration	756	2	758	859	2	861	859	2	861
Special Inspector General for TARP	150	0	150	192	0	192	192	0	192
Community Development Financial Institutions Fund	75	0	75	79	0	79	87	0	87
Financial Crimes Enforcement Network	275	1	276	343	1	344	343	1	344
Alcohol and Tobacco Tax and Trade Bureau	456	10	466	494	10	504	529	10	539
Bureau of the Fiscal Service	1,753	243	1,996	2,042	245	2,287	1,912	240	2,152
Internal Revenue Service	80,180	612	80,792	82,462	643	83,105	86,347	675	87,022
Subtotal, Treasury Appropriated Level	**84,923**	**1,104**	**86,027**	**87,914**	**1,146**	**89,060**	**91,839**	**1,113**	**92,952**
Office of Financial Stability (Administrative Account)	74	0	74	72	0	72	64	0	64
Small Business Lending Fund Program	14	0	14	19	0	19	19	0	19
State Small Business Credit Initiative	9	0	9	9	0	9	17	0	17
Office of Financial Research	194	0	194	230	0	230	255	0	255
Financial Stability Oversight Council	22	0	22	34	0	34	36	0	36
Treasury Franchise Fund	0	1,545	1,545	0	1,785	1,785	0	1,888	1,888
Bureau of Engraving and Printing	0	1,800	1,800	0	1,924	1,924	0	1,924	1,924
United States Mint	0	1,651	1,651	0	1,874	1,874	0	1,874	1,874
Office of the Comptroller of the Currency	0	3,805	3,805	0	3,955	3,955	0	3,955	3,955
Pay for Success	0	0	0	0	0	0	7	0	7
Terrorism Insurance Program	4	0	4	10	0	10	10	0	10
Financing America's Infrastucture Renewal	0	0	0	0	0	0	11	0	11
Financial Innovation For Working Families Fund	0	0	0	0	0	0	8	0	8
Allotment For Puerto Rico EITC Payments	0	0	0	0	0	0	2	0	2
Total	**85,240**	**9,905**	**95,145**	**88,288**	**10,684**	**98,972**	**92,268**	**10,754**	**103,022**

1/ 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.

2/ IRS FY 2015 Direct FTE include 287 FTE funded through a transfer from Health and Human Services for the Affordable Care Act. IRS FY 2015-2017 Direct FTE include 7 FTE funded from the Federal Highway Transportation Authority Account.

Summary of FY 2017 Increases and Decreases

Dollars in Thousands

	DO	Cyber	DSCIP	OIG	TIGTA	SIGTARP	CDFI	FinCEN	TTB	FS	TFF	IRS	Subtotal	TEOAF	Total
FY 2016 Enacted	**$ 339,500**	**$ -**	**$ 5,000**	**$ 35,416**	**$ 167,275**	**$ 40,671**	**$ 233,523**	**$ 112,979**	**$ 106,439**	**$ 363,850**	**$ -**	**$ 11,235,000**	**$ 12,639,653**	**$ (876,000)**	**$ 11,763,653**
Adjustment to Request	(10,050.00)	3,050.00	-	-	-	-	-	-	-	-	-	-	(7,000.00)	-	(7,000.00
Maintaing Current Levels (MCLs)	5,312.00	-	-	508.00	2,376.00	588.00	412.00	1,824.00	1,562.00	6,032.00	-	170,348.00	188,962.00	-	188,962.0
Non-Recurring Costs	(1,050.00)	-	(5,000.00)	-	-	-	(337.00)	-	-	-	-	-	(6,387.00)	-	(6,387.00
Efficiency Savings	(1,430.00)	-	-	-	(17.00)	(99.00)	-	(1,300.00)	-	(1,935.00)	-	(3,766.00)	(8,547.00)	-	(8,547.00
Other Adjustments	-	-	-	-	-	-	-	-	(1,562.00)	-	-	-	(1,562.00)	-	(1,562.0
Adjustments to Base	**$ (7,218)**	**$ 3,050**	**$ (5,000)**	**$ 508**	**$ 2,359**	**$ 489**	**$ 75**	**$ 524**	**$ -**	**$ 4,097**	**$ -**	**$ 166,582**	**$ 165,466**	**$ -**	**$ 165,466**
FY 2017 Base	**$ 332,282**	**$ 3,050**	**$ -**	**$ 35,924**	**$ 169,634**	**$ 41,160**	**$ 233,598**	**$ 113,503**	**$ 106,439**	**$ 367,947**	**$ -**	**$ 11,401,582**	**$ 12,805,119**	**$ (876,000)**	**$ 11,929,119**
Program Decreases	-	-	-	-	-	-	-	-	-	(14,890.00)	-	-	(14,890.00)	-	(14,890.00
Program Increases	2,094.00	106,777.00	5,000.00	1,120.00	-	-	12,325.00	1,500.00	-		3,000.00	363,765.00	495,581.00	-	495,581.0
Program Integrity Cap Adjustment	-	-	-	-	-	-	-	-	-	-	-	514,748.00	514,748.00	-	514,748.0
Subtotal, Program Changes	**$ 2,094**	**$ 106,777**	**$ 5,000**	**$ 1,120**	**$ -**	**$ -**	**$ 12,325**	**$ 1,500**	**$ -**	**$ (14,890)**	**$ 3,000**	**$ 878,513**	**$ 995,439**	**$ -**	**$ 995,439**
Change to the Forfeiture Fund Cancellations/Rescission	-	-	-	-	-	-	-	-	-	-	-	-	-	219,000.00	219,000.0
FY 2017 President's Budget	**$ 334,376**	**$ 109,827**	**$ 5,000**	**$ 37,044**	**$ 169,634**	**$ 41,160**	**$ 245,923**	**$ 115,003**	**$ 106,439**	**$ 353,057**	**$ 3,000**	**$ 12,280,095**	**$ 13,800,558**	**$ (657,000)**	**$ 13,143,558**

Departmental Offices Salaries and Expenses

Program Summary by Budget Activity

Dollars in Thousands

Budget Activity	FY 2015 Enacted	FY 2016 Enacted	FY 2017 Request 2/	FY 2016 TO FY 2017 $ Change	FY 2016 TO FY 2017 % Change
DO S&E					
Executive Direction	$36,002	$37,943	$38,240	$297	0.78%
International Affairs and Economic Policy	$56,266	$58,520	$59,467	$947	1.62%
Domestic Finance and Tax Policy	$78,589	$84,591	$76,304	($8,287)	-9.80%
Treasury-wide Management and Programs	$39,143	$41,446	$43,365	$1,919	4.63%
Terrorism and Financial Intelligence	$0	$0	$117,000	$117,000	NA
TFI					
Terrorism and Financial Intelligence 1/	$112,500	$117,000	$0	($117,000)	-100.00%
Subtotal, Departmental Offices - S & E	**$322,500**	**$339,500**	**$334,376**	**($5,124)**	**-1.51%**
DO S&E – Reimbursables 1/	$130,032	$123,026	$102,892	($20,134)	-16.37%
TFI Reimbursables	$18,442	$6,966	$0	($6,966)	-100.00%
Total Program Operating Level	**$470,974**	**$469,492**	**$437,268**	**($32,224)**	**-6.86%**
DO S&E - Direct FTE	781	872	1,290	418	47.94%
TFI - Direct FTE	377	377	0	(377)	-100.00%
DO S&E - Reimbursable FTE	184	197	166	(31)	-15.74%
TFI - Reimbursable FTE	39	29	0	(29)	-100.00%
Total FTE	**1,381**	**1,475**	**1,456**	**(19)**	**-1.29%**

1/ In FY 2016, the Office of Terrorism and Financial Intelligence (TFI) was funded through a separate appropriation of $117.0 million, which includes $27.1 million for administrative support.

2/ The FY 2017 Budget maintains TFI at $117.0 million and includes TFI activities in the DO S&E appropriation, where it has been each year except FY 2015 and FY 2016.

3/ The Budget also proposes to transfer $7.0 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 guides program and budget decisions for DO.

The FY 2017 Budget request supports DO's leading role in accomplishing the Treasury strategic goals:

- Promote domestic economic growth and stability while continuing to reform 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.

DO FY 2017 Budget Highlights

Dollars in Thousands

Departmental Offices - S & E	FTE	Amount
FY 2016 Enacted	**1,249**	**$339,500**
DO S&E	**872**	**$222,500**
TFI	**377**	**$117,000**
Changes to Base:		
Adjustment to Request	(22)	($10,050)
Fund RESTORE Act Administrative Expenses from Trust Fund	(14)	($7,000)
DO Cybersecurity Enhancements	(2)	($1,050)
Digital Infrastructure Security Team	(6)	($2,000)
Maintaining Current Levels (MCLs):	-	$5,312
Pay-Raise	-	$2,316
Pay Annualization	-	$682
Non-Pay	-	$2,314
Non-Recurring Costs:	-	($1,050)
Kline-Miller Amendment	-	($1,050)
Efficiency Savings:	-	($1,430)
TFI Contractual Support	-	($1,325)
Virtualization of the Foreign Credit Reporting System	-	($105)
Other Adjustments	60	-
Technical FTE Adjustment	60	-
Subtotal Changes to Base	38	($7,218)
Total FY 2017 Base	**1,287**	**$332,282**
Program Changes:		
Program Decreases:	-	-
Program Increases:	3	$2,094
Rationalization of the Tax Code	-	$392
Corporate Bond Yield Curve	1	$202
Data and Risk Analysis	2	$1,500
Total FY 2017 Request	**1,290**	**$334,376**

FY 2017 Budget Adjustments

Adjustment to Request

Fund RESTORE Act Administrative Expenses from Trust Fund -$7,000,000 / -14 FTE

For FY 2017, the Department proposes legislative language to allow Treasury to draw $7,000,000 from the Gulf Coast Restoration Trust Fund (GCRTF) 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, as well as managing grants, compliance, and audit programs.

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

In the FY 2016 Consolidated Appropriations Act, $1,050,000 and two FTE were provided for Security Enhancements to Classified Networks and expansion of Departmental Offices' (DO) Wireless Intrusion Prevention System. For FY 2017, DO proposes to fund this request through the new appropriation account, "Cybersecurity Enhancement Account."

Digital Infrastructure Security Team - $2,000,000 / -6 FTE

In the FY 2016 Consolidated Appropriations Act, $2,000,000 and six FTE were provided for the Digital Infrastructure Security Team. For FY 2017, DO proposes to fund this request through the new appropriation account, "Cybersecurity Enhancement Account."

Maintaining Current Levels (MCLs)

Pay-Raise +$2,316,000 / +0 FTE

Funds are requested for the proposed January 2017 pay-raise.

Pay Annualization +$682,000 / +0 FTE

Funds are requested for annualization of the January 2016 pay-raise.

Non-Pay +$2,314,000 / +0 FTE

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

Non-Recurring Costs

Kline-Miller Amendment -$1,050,000 / +0 FTE

In the FY 2016 Consolidated Appropriations Act, $3,000,000 and six FTE were provided to support Treasury's responsibilities under the Kline-Miller Amendment (previously referred to in the FY 2016 budget request as Multiemployer Pension Reform Act) of the FY 2015 Omnibus Bill. For FY 2017, DO would reduce the contractual support to this program, which is for a surge in program applications.

Efficiency Savings

TFI Contractual Support -$1,325,000 / +0 FTE

DO will achieve cost savings and efficiencies in TFI contract services through more efficient oversight of all TFI contracts, consolidating contracts where appropriate, and partnering with other agencies and DO components to leverage common technology or administrative support needs.

Virtualization of the Foreign Credit Reporting System -$105,000 / +0 FTE

DO plans to virtualize the Federal Credit Reporting System (FCRS) in FY 2016, at the end of the current server's lifecycle. FCRS provides for the input, retrieval, and analysis of foreign credit and related data. Virtualization will eliminate data center hosting charges and reduce system operations and maintenance costs as well.

Other Adjustments

Technical FTE Adjustment +$0 / +60 FTE

An estimated 60 reimbursable FTE, supporting TFI) in FY 2016, will be converted to direct FTE in FY 2017. The mission for the converted FTE remains the same--full administrative support of the TFI program.

Program Increases

Rationalization of the Tax Code +$392,000 / +0 FTE

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. Therefore, the office must migrate to a more current operating system. The FY 2017 request of $392,000 will provide the remaining resources necessary to upgrade the existing computing platform.

Corporate Bond Yield Curve +$202,000 / +1 FTE

Since 2006, the Office of Economic Policy has been producing the corporate bond yield curve, which single-employer defined-benefit pension plans are required by law to use to compute the present value of their current liabilities and lump sum payments. In 2014, the office began producing the Treasury constant maturity (TCM) curve. The TCM curve is used by several federal agencies to evaluate their pension liabilities and military disability payments, which amount to more than $6 trillion and are the second largest liability on the U.S. Balance Sheet. Production of both sets of data is a highly technical job that requires expertise in financial markets and the complexity of bond markets. Currently, this responsibility falls to one economist. The Office of Economic Policy requests one additional economist to ensure the continuity of this work, alleviate pressure on existing staff, and provide Economic Policy with additional flexibility to engage in forward-looking research and analysis.

Data and Risk Analysis +$1,500,000 / +2 FTE

To increase data and risk analysis across DO, the following are requested in FY 2017:

- $169,000 and one FTE in the Office of Risk Management (ORM). ORM was created with a mission to exercise leadership across a broad range of cross-agency risk management efforts.
- $237,000 and one FTE to establish a Digital Accountability and Transparency Act (DATA Act) Program Management Office (PMO) within the Office of the

Deputy Chief Financial Officer to oversee and coordinate Treasury's DATA Act implementation. The Departmental DATA Act PMO will coordinate, manage, and improve upon Treasury's data transparency and standardization across financial management, procurement, grants, and loans as they relate to DATA Act requirements. The PMO would support expanded data analytics, consolidated management reporting, and potentially folding in current financial reporting functions from a single data repository by managing technical contractor support and implementing system enhancements within the scope of the DATA Act with its stakeholders.

- $180,000 for the Office of the Procurement Executive to establish a contract for Fed Data analytics. Use of FedDataCheck services increases the accuracy of the Department's procurement spending data in support of benchmarking and provides procurement spending data reporting in support of strategic sourcing opportunities.
- $350,000 to enhance DO-wide eDiscovery capabilities, primarily for the Office of General Counsel. This funding will provide capability to more expeditiously and accurately identify, collect, process, review, analyze, redact (as appropriate), and produce emails and other electronic records in connection with litigation, Freedom of Information Act requests, and similar matters.
- $564,000 for the Office of International Affairs to develop enhanced capability for the interagency Committee on Foreign Investment in the United States (CFIUS), which Treasury chairs, to receive, track, and analyze data, including CFIUS case data, third party industry and merger and acquisitions data, and other data relevant to national security reviews conducted by CFIUS.

Explanation of Budget Activities

Executive Direction ($38,240,000 from direct appropriations, $12,177,000 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 ($59,467,000 from direct appropriations, $3,545,000 from reimbursable resources)

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

Domestic Finance and Tax Policy ($76,304,000 from direct appropriations, $24,346,000 from reimbursable resources)

Monitors and provides economic and financial policy expertise in the areas of domestic finance and tax policy.

Terrorism and Financial Intelligence ($117,000,000 from direct appropriations, $21,719,000 from reimbursable resources)

Develops and implements strategies to counter terrorist financing and money laundering.

Treasury-wide Management and Programs ($43,365,000 from direct appropriations, $41,105,000 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 discretionary legislative proposals.

Mandatory Proposals

As in the FY 2016 Budget, Treasury proposes legislative language for FY 2017 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.

The following are new proposals for mandatory funding, which are described in detail in the introduction to the Budget-in-Brief.

- Financing America's Infrastructure Renewal (FAIR)
- Financial Innovation for Working Families Fund
- Allotment for Puerto Rico EITC Payments
- Pay for Success

DO Performance by Budget Activity

Budget Activity	Performance Measure	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016 Target	FY 2017 Target
Domestic Finance and Tax Policy	Variance Between Estimated and Actual Receipts (Annual Forecast)(%)	2.5	3.25	2.8	4.25	4.25
Terrorism and Financial Intelligence	Impact of TFI Programs and Activities	8.3	8.5	8.8	8.5	8.5
Treasury-wide Management and Programs	Treasury-wide Leaders Lead Index of the Federal Employee Viewpoint Survey (FEVS)	N/A	53.0	54.0	55.0	55.0

Key: DISC – Discontinued

Description of Performance

The following performance measures provide a snapshot of DO performance:

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 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 2015 was 2.8 percent, which is significantly lower than the 4.25 percent target for FY 2015. Therefore, performance was better than the target level. In addition, the FY 2015 performance compares favorably with the actual variance for FY 2014, which was 3.25 percent. The target for both FY 2016 and FY 2017 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 2015, TFI exceeded its performance goal of 8.5 with a score of 8.8 and expects to achieve its FY 2016 and FY 2017 target of 8.5.

Treasury-wide "Leaders Lead" Index of Federal Employee Viewpoint Survey (FEVS): Treasury set the goal to increase the "Leaders Lead" index above 2014 results. Treasury's score for the Leaders Lead Index increased from 53 percent in 2014 to 54 percent in 2015 and set a target of 55 for FY 2016.

Department-wide Systems and Capital Investments Program

Program Summary by Budget Activity

Dollars in Thousands

Budget Activity	FY 2015 Enacted	FY 2016 Enacted	FY 2017 Request	FY 2016 TO FY 2017 $ Change	FY 2016 TO FY 2017 % Change
Department-wide Systems and Capital Investments Program	$2,725	$5,000	$5,000	$0	0%
Subtotal, Department-wide Systems and Capital Investments Program	**$2,725**	**$5,000**	**$5,000**	**$0**	**0%**
Total Program Operating Level	**$2,725**	**$5,000**	**$5,000**	**$0**	**0%**
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 Department of the Treasury's bureaus, at the Secretary's discretion, to improve infrastructure, modernize business processes, and increase efficiency through technology investments.

DSCIP FY 2017 Budget Highlights

Dollars in Thousands

Department-wide Systems and Capital Investments Program	FTE	Amount
FY 2016 Enacted	**-**	**$5,000**
Changes to Base:		
Non-Recurring Costs:	-	($5,000)
Zero-Based Budget	-	($5,000)
Subtotal Changes to Base	-	($5,000)
Total FY 2017 Base	**-**	**-**
Program Changes:		
Program Increases:	-	$5,000
Digital Accountability and Transparency Act	-	$3,000
Renovation of Treasury Buildings	-	$2,000
Total FY 2017 Request	**-**	**$5,000**

FY 2017 Budget Adjustments

Adjustments to Request

Non-Recurring Costs

Zero-Based Budget -$5,000,000 / +0 FTE

In the FY 2016 Consolidated Appropriations Act, $650,000 was provided for South Plaza Restoration of the Main Treasury Building. Also, $4,350,000 was provided to support mission-critical Treasury functions by investing in computing resources and security infrastructure. Investments are geared to meet the demand from multiple entities for the architecture needed to support big data.

Program Increases

Digital Accountability and Transparency Act +$3,000,000 / +0 FTE

This investment will support Department and bureau specific development, modification, and integration of attributes to address gaps at the transaction level for interfaces and help to ensure that the Department and all bureaus have resources to meet the minimum requirements for the DATA Act. While the Department expects bureaus to undertake data validation, data stewardship, and data maintenance activities, this funding will be used to establish a data repository at the Department level. More, specifically, the investment will support the expansion of the Enterprise Data Management infrastructure to ensure that bureaus can leverage the repository for their own data analytics and uses.

Renovation of Treasury Buildings +$2,000,000 / +0 FTE

Treasury requests $2,000,000 to stabilize the bridge that connects the motor pool entrance to the Main Treasury Building. Employees and contractors use the driveway under the bridge to access vehicle and bicycle parking, deliver equipment and mail, and for trash removal. The bridge poses a safety risk in its current condition.

Explanation of Budget Activities

Department-wide Systems and Capital Investments Program ($5,000,000 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.

Cybersecurity Enhancement Account

Program Summary by Budget Activity

Dollars in Thousands

Cybersecurity Enhancement Account	FY 2015	FY 2016	FY 2017	FY 2016 to FY 2017	
Appropriated Resources	Enacted	Enacted	Request	$ Change	% Change
New Appropriated Resources:					
Internal Revenue Service	0	0	62,084	62,084	0.00%
Treasury-wide	0	0	47,743	47,743	0.00%
Subtotal New Appropriated Resources	**$0**	**$0**	**$109,827**	**$109,827**	**0.00%**
Total Budgetary Resources	**$0**	**$0**	**$109,827**	**$109,827**	**0.00%**

Summary

The Cybersecurity Enhancement Account (CEA) is a new dedicated account designed to bolster the Department's cybersecurity posture and mitigate cybersecurity threats to the U.S. financial infrastructure.

Due to increasing cyberattacks on critical government systems Treasury aims to mitigate this escalating risk by creating a new and centralized cybersecurity account. CEA supports the Treasury Department Strategic Goal 3 to "Fairly and effectively reform and modernize federal financial management, accounting, and tax systems," Strategic Goal 4 to "Safeguard the financial system and use financial measures to counter national security threats," and Strategic Goal 5 to "Create a 21st-century approach to government by improving efficiency, effectiveness, and customer interaction."

The creation of a centralized program and dedicated funding source for cybersecurity will enhance Department-wide coordination of cybersecurity efforts and improve the Department's responsiveness to cybersecurity threats. It will also provide leadership with greater visibility into cybersecurity efforts and further encourage information sharing across Bureaus. The program will improve the identification of these threats and better protect information systems from attack. With high-level leadership support, the program will also provide a platform to enhance efficiency, communication, collaboration, and transparency around a common goal—improving not only the cybersecurity of the Department of the Treasury, but also that of the nation's financial sector.

In FY 2017, the program includes investments in two budget activities (Treasury-wide and the Internal Revenue Service (IRS)). Spending on existing activities remains in the base budgets of each bureau. As the program matures, the goal is to integrate additional cybersecurity investments to fully leverage centralized cybersecurity leadership and expertise across the Department.

The $48 million in Department-wide funding focuses on critical improvements to Treasury-wide systems including the Treasury Secure Data Network, the Fiscal Service Trusted Internet Connections, and the other systems that have been identified as High Values Assets. The investments focus on identifying and protecting information systems; detecting threat actors; and responding to and recovering from cyber incidents. A portion of the resources will also support a dedicated innovation fund for evolving high impact cyber investments throughout the Department.

The $62 million in IRS investments focus on two main initiatives: Cyber Defense and e-Authentication. The IRS will enhance the security of its overall networks via the use of a cyber threat forensics capability, implementation of a comprehensive patch management system, and the adoption of government-wide information security continuous monitoring (ISCM) tools as parts of a layered defense. In this Budget request, the IRS invests in the technology that allows for timely risk assessments, strong prevention techniques, and analysis of data that can identify and develop solutions for stolen identity theft refund fraud.

Treasury Cybersecurity Enhancement Account FY 2017 Budget Highlights

Dollars in Thousands

Cybersecurity Enhancement Account	FTE	Amount
FY 2016 Enacted	**-**	**-**
Program Changes:		
Program Increases:	80	$109,827
IRS Program Increases		
Cyber Defense	16	$54,732
e-Authentication	19	$7,352
Treasury-wide Program Increases		
Pooled Innovation Fund for Evolving High Impact Cyber Investments	-	$10,000
Encrypt Sensitive Data at Rest and in Motion	-	$7,440
User Access Controls for Sensitive Applications	-	$5,727
Digital Infrastructure Security Team	22	$5,000
Digital Infrastructure Security Team (existing DO S&E program funded in the CEA)	6	$2,000
Treasury Secure Data Network (TSDN) System Upgrades and Security Enhancements	4	$4,717
Detect System Vulnerabilities and Unauthorized Data Transfers	-	$3,360
Enhance Incident Response and Forensics Capabilities	-	$2,325
Proactive Cyber Risk and Threat Identification	3	$2,098
Mitigate Cyber Threats to U.S. Financial Infrastructure	8	$1,651
Proxying Capability at the Fiscal Service Trusted Internet Connections (TICs) for Encrypted Traffic Inspection	-	$1,375
IT Cybersecurity Enhancements (existing DO S&E program funded in the CEA)	2	$1,050
Web Domain Encryption	-	$1,000
Total FY 2017 Request	**80**	**$109,827**

FY 2017 Budget Adjustments

IRS Program Increases

Cyber Defense +$54,732,000 / +16 FTE

This investment provides a set of capabilities that protect the IRS's sensitive data and enhances the security posture of its IT infrastructure. It provides funding to secure data leading to the prevention and elimination of vulnerabilities associated with sensitive but unclassified data; to conduct external site reviews ensuring security controls are in place; to implement a consistent, government-wide set of information security continuous monitoring tools; and to provide a comprehensive incident response capability bolstering the resilience of mission critical IRS operations and their enabling technologies.

e-Authentication +$7,352,000 / +19 FTE

This investment funds the design and implementation of a common service to verify user identity, register individuals, and provide and validate their credentials allowing taxpayers expanded access to IRS data through the use of mobile devices, cloud computing, and collaborative technology.

Treasury-wide Program Increases:

Pooled Innovation Fund for Evolving High Impact Cyber Investments +$10,000,000 / +0 FTE

To ensure that new and ever-evolving threats can be rapidly addressed before they are exploited, Treasury requests resources for a pooled innovation fund designed for Department-wide high impact cyber initiatives. Treasury leadership will manage the fund, to include receiving solicitations from across the Department and managing and dispersing resources based on criteria and need at Treasury offices and bureaus.

Encrypt Sensitive Data at Rest and in Motion +$7,440,000 / +0 FTE

In addition to protecting information residing on HVAs through access control, Treasury has also identified several opportunities to protect these systems' data at rest and in motion. This initiative area would support strong encryption of data at rest within HVA databases as well as encrypt data in transit via email and public-facing websites. This would also enable secure cloud computing by establishing a cloud environment certified at the Federal Risk and Authorization Management Program's (FedRAMP) High security baseline. This initiative will also protect sensitive data through enhanced deployment of application firewalls and expanded user awareness training, which would lessen the risk of malicious and unintentional data breaches, respectively.

User Access Controls for Sensitive Applications +$5,727,000 / +0 FTE

Funding will strengthen the identification and authentication requirements for users logging on to individual Treasury applications. Strengthening these systems will decrease the likelihood that an intruder on the network will be able to access sensitive information regarding the public, the economy and the Treasury workforce that is housed in these applications by implementing strong authentication at both the application level and the network level for applications identified as High Value Assets (HVAs).

Digital Infrastructure Security Team +$7,000,000 / +28 FTE

The FY 2016 Consolidated Appropriations Act provides $2,000,000 and six FTE in the Departmental Offices (DO) Salaries and Expenses (S&E) account to establish a Digital Infrastructure Security Team (DIST). Because of the Treasury-wide cybersecurity focus of this initiative, Treasury proposes to fund this initiative in the CEA in FY 2017. To build on the $2,000,000 provided in the FY 2016 Consolidated Appropriations Act in the Departmental Offices (DO) Salaries and Expenses (S&E) account, Treasury requests an additional $5,000,000 and 22 FTE, which will form a centralized cohort of web/cyber experts to protect and transform Treasury's digital services. They will have a specific focus on a secure system that promotes ease of use and system cost-effectiveness, as well as possesses a robust virtual cybersecurity infrastructure to protect Treasury's cyber assets, especially those assets with the greatest impact to citizens. Treasury's digital government strategy will continue to be guided by four principles:

- Prioritizing the safe and secure delivery and use of digital services and protecting information and privacy;
- Enabling secure access to high-quality digital government information and services anywhere, anytime, on any device;
- Unlocking the power of government data to spur innovation and improve the quality of services; and
- Procuring and managing secure devices, applications, and data in smart and affordable ways.

The digital service experts on the team will bring best practices in the disciplines of cybersecurity, design, software engineering, and product management to bear on the agency's most important services Treasury will increase operational and technical controls related to essential digital services functions, including security and privacy oversight, web application security, vulnerability assessment, predictive intelligence analysis, privacy analysis, and security coding and testing. This initiative will protect the data and infrastructure that supports U.S. citizens, while improving accessibility and maintaining transparency.

Treasury Secure Data Network (TSDN) System Upgrades and Security Enhancements +$4,717,000 / +4 FTE

This investment will fund critical improvements to the TSDN in three areas:

- Treasury requests hardware and technical support to transform TSDN into a private cloud at a remote data center. Through virtualization, the network will be more secure and facilitate faster patching of newly discovered vulnerabilities. Replacing this aging hardware with a cloud-based model will also improve mission productivity for system users, who are carrying out Treasury's most sensitive functions;
- This investment will increase incident response after-hours system maintenance and improve identification of anomalous and/or malicious behavior. This investment in hardware, software, technical support and FTE will increase the NOC/SOC capabilities for the TSDN and enhance security monitoring of the TSDN perimeter to a level commensurate with the system's sensitivity; and
- This request will provide advanced toolsets for automated monitoring, as well as a dedicated analyst to review outputs from these toolsets. These capabilities will enable better detection of anomalous internal TSDN traffic, such as unauthorized attempts to access information and suspicious exfiltration of data. These additional safeguards will also enable compliance with several areas of Executive Order 13587, which instructs agencies operating classified networks to appropriately share and safeguard classified information on computer networks.

Detect System Vulnerabilities and Unauthorized Data Transfers +$3,360,000 / +0 FTE

The longer a breach goes unnoticed, the higher the probability that its severity will increase. For this reason, detection of anomalous and/or malicious activity must be spotted quickly. Increased deployment of data loss prevention tools to Treasury's sensitive enterprise information systems will improve the Department's ability to detect unauthorized access of information and track its movement across the network. Additionally, Treasury will adopt advanced intrusion detection methods and systems used by credit card companies to detect anomalous behavior to improve Treasury's ability to detect malicious actors within its networks.

Enhance Incident Response and Forensics Capabilities +$2,325,000 / +0 FTE

In the event that malicious activity is discovered on Treasury's networks, rapid response to and recovery from said activity is largely reliant on being able to examine past network traffic to understand where the adversary has traveled within the network, what information has been compromised, and how to mitigate and minimize the damage. Treasury needs to extend its retention of key data sources in order to support forensics and investigations of cyber incidents. Treasury seeks to enhance its respond and recover capabilities by extending network traffic capture and increase its capacity to aid bureaus during cyber incident investigations. This will result in a faster response and recovery time in the event of a cyberattack.

Proactive Cyber Risk and Threat Identification +$2,098,000 / +3 FTE

The foundation of a strong cybersecurity program is proper identification of risk and threat vectors, and appropriate documentation of those risks and threats to enable decision making. This will be accomplished in part through strong security assessment and authorization of enterprise systems. Treasury will also establish a dedicated group of security experts to validate that systems have been engineered and developed securely from the outset. Additionally, this group will carry out penetration tests to uncover vulnerabilities in Treasury's systems before they are discovered or exploited by adversaries.

Mitigate Cyber Threats to U.S. Financial Infrastructure +$1,651,000 / +8 FTE

Treasury requests funds and personnel to expand Treasury's capabilities to promote the security and resilience of the financial services sector. (Treasury is the sector-specific lead agency under Presidential Policy Directive 21: Critical Infrastructure Security and Resilience.) The request will allow Treasury and its partners, including other federal agencies, to expand work with the financial services sector to improve the sharing of cybersecurity information, promote the use of best practices, and respond to cyber incidents.

- Information Sharing. Over the past several years, malicious cyber activity has increased, and the financial services sector has been one of the major areas of concern. The number and extent of threats to financial services networks has grown significantly. To guard against these threats, it is vital to share timely and actionable cybersecurity information among the public and private sectors. Working closely with the Department of Homeland Security, the Federal Bureau of Investigation, and the Intelligence Community, Treasury develops timely and actionable information sharing products tailored specifically to the financial services sector. However, Treasury needs to expand and enhance its efforts to match the rapid increase in malicious cyber activity;
- Best Practices. Treasury also is responsible for promoting the use of best practices among the financial services sector. These best practices help improve baseline security levels. Treasury works to ensure that the needs and interests of the financial services sector are represented as such guidelines are developed and communicates opportunities for firms to participate in their development directly or through trade associations or consortia. Treasury requires additional specialized staff with knowledge or experience from the financial services sector who are experienced in how to engage the wider financial services community in the development, implementation, and promotion of voluntary cybersecurity standards and best practices in the sector and can operate from Treasury's neutral perspective of promoting security, but not a specific technology; and
- Incident Response. Treasury is responsible for coordinating with firms and other agencies to respond to significant cyber incidents affecting the financial services sector. The number of significant cyber incidents impacting the financial services sector continues to rise. Therefore, Treasury must expand its capabilities to plan for and respond to major incidents through a strong and growing cybersecurity exercise program for the financial services sector and the development of appropriate incident response plans.

Proxying Capability at the Fiscal Service Trusted Internet Connections (TICs) for Encrypted Traffic Inspection +$1,375,000 / +0 FTE

Internet traffic is increasingly composed of encrypted messages that Treasury is unable to scan for threats. The procurement of additional hardware, software and Fiscal Service support will allow for 100 percent inspection of all in-bound and out-bound encrypted internet traffic and support compliance with Data Loss Prevention (DLP) policies.

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

The FY 2016 Consolidated Appropriations Act provides $1,050,000 and two FTE in the DO

S&E account for security enhancements to classified networks and expansion of DO's Wireless Intrusion Prevention System. Because of the cybersecurity focus of this initiative, Treasury proposes to fund this initiative in the CEA in FY 2017.

Web Domain Encryption +$1,000,000 / +0 FTE

This request meets compliance requirements for the OMB mandate M-15-13, requiring that all publically accessible federal websites and web services only provide service through a secure connection. Treasury will use these funds to ensure compliance of all new services and websites, as well as complete the transition of legacy sites.

Explanation of Budget Activities

Internal Revenue Service ($62,084,000 from direct appropriations)

The Department requests dedicated funding for IRS to strengthen the security posture of its IT infrastructure and to improve authentication technologies allowing taxpayers expanded access to web-based IRS account data.

Treasury-wide ($47,743,000 from direct appropriations)

The Treasury Department requests funds that have a Treasury-wide focus to bolster the Department's cybersecurity posture and mitigate cybersecurity threats to the U.S. financial infrastructure.

Legislative Proposals

The Treasury Cyber Program has no legislative proposals.

Office of Inspector General

Program Summary by Budget Activity

Dollars in Thousands

Budget Activity	FY 2015 Enacted	FY 2016 Enacted	FY 2017 Request	FY 2016 TO FY 2017 $ Change	% Change
Audit	$28,275	$28,304	$29,605	$1,301	4.60%
Investigations	$7,076	$7,112	$7,439	$327	4.60%
Subtotal, Office of Inspector General	**$35,351**	**$35,416**	**$37,044**	**$1,628**	**4.60%**
Offsetting Collections - Reimbursables	$13,000	$13,000	$10,500	($2,500)	-19.23%
Total Program Operating Level	**$48,351**	**$48,416**	**$47,544**	**($872)**	**-1.80%**
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 under its jurisdictional oversight; (2) provide leadership and coordination and recommend policies designed to promote economy, efficiency, and effectiveness, and prevent and detect fraud and waste in those programs and operations; and (3) provide a means for keeping the Secretary and Congress fully and currently informed about problems and deficiencies relating to the administration of such programs and operations and the necessity for and progress of corrective action.

The OIG provides independent oversight of Treasury and its bureaus except the Internal Revenue Service (IRS) and the Troubled Asset Relief Program (TARP). The OIG has four components, including two mission offices – the Office of Audit and the Office of Investigations. In support of Treasury's strategic goals, the OIG established the following strategic goals: (1) promote the integrity, efficiency, and effectiveness of programs and operations across the OIG's jurisdictional boundaries through audits and investigations; (2) proactively support and strengthen the ability of programs across the OIG's jurisdictional boundaries to identify challenges and manage risks; (3) fully and currently inform stakeholders of OIG findings, recommendations, investigative results, and priorities; and (4) enhance, support, and sustain a workforce and strengthen internal operations to achieve the OIG mission, vision, and strategic goals.

The FY 2017 request for OIG will be used to fund critical audit, investigative, and mission support activities to meet the requirements of the Inspector General Act, and other statutes including, the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank); Federal Information Security Modernization Act (FISMA); Government Management Reform Act; Improper Payments Elimination and Recovery Act, Digital Accountability and Transparency Act of 2014 (DATA Act); Federal Deposit Insurance Act, 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 compliance with FISMA, failed depositary institutions regulated by Treasury, and data submitted to USAspending.gov.

With the resources available after mandated requirements are met, 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) Cyber Threats; (2) Management of Treasury's Authorities Intended to Support and Improve the Economy; (3) Efforts to Promote Spending Transparency and to Prevent and Detect Improper Payments; (4) Anti-Money Laundering and Terrorist Financing/Bank Secrecy Act Enforcement; and (5) Gulf Coast Restoration Trust Fund Administration.

Cyber Threats

Cybersecurity represents one of the most serious challenges facing the Nation today. A reliable infrastructure, including information systems and networks, is vital to our national security and economic stability. Cyber threats are a persistent concern as Treasury's information systems are critical to the core functions of government and the Nation's financial infrastructure. As cyber threats become more sophisticated and subtle, they pose an ongoing challenge for Treasury to fortify and safeguard its internal systems and operations and the financial sector it oversees.

Effective public-private coordination continues to be required to address the cyber threats against the Nation's critical infrastructure. In this regard, Treasury is looked upon to provide effective leadership to financial institutions in particular, and the financial sector in general, to strengthen awareness and preparedness against cyber threats.

Management of Treasury's Authorities Intended to Support and Improve the Economy

Congress provided Treasury with broad authorities to address the recent financial crisis under the Housing and Economic Recovery Act (HERA) and the Emergency Economic Stabilization Act (EESA) enacted in 2008, the American Recovery and Reinvestment Act of 2009 (Recovery Act), and the Small Business Jobs Act of 2010. In response to the call for further financial reform, Congress passed Dodd-Frank in July 2010. While Treasury's program administration under these Acts has, for the most part matured, challenges remain in managing these programs and investments.

This challenge focuses on the broad authorities given to Treasury:

- Dodd-Frank established the Financial Stability Oversight Council (FSOC), which is chaired by the Treasury Secretary. FSOC's mission to identify risks to financial stability that could arise from activities of large, interconnected financial companies; promote market discipline; and respond to emerging threats to the financial system.
- The Small Business Jobs Act of 2010 created within Treasury the Small Business Lending Fund. Through that fund, Treasury invested $4 billion in financial institutions intended to increase the availability of credit to small businesses. The Act also provided $1.5 billion to Treasury to allocate to eligible State programs through the State Small Business Credit Initiative.
- The Small Business Jobs Act also provided Treasury with authority to guarantee bonds issued for certain community and economic development activities. That function was established through Treasury's Community Development Financial Institutions (CDFI) Fund in June 2013.

- Under HERA, Treasury supports the financial solvency of the Federal National Mortgage Association (Fannie) and the Federal Home Loan Mortgage Corporation (Freddie). To maintain the positive net worth of these two government sponsored enterprises (GSEs), Treasury invested about $187 billion in senior preferred stock in the two GSEs. While the GSEs have not needed additional support since fiscal year 2012, their futures remain uncertain and more assistance may be needed. If such support is needed, the funding capacity available is $117.6 billion and $140.5 billion, to Fannie and Freddie, respectively.
- The American Recovery and Reinvestment Act of 2009 (Recovery Act) provided Treasury with approximately $30 billion in non-IRS funding for low-income housing and specified energy properties for which OIG provides oversight.

Efforts to Promote Spending Transparency and to Prevent and Detect Improper Payments

The DATA Act requires the Federal Government to provide consistent, reliable, and useful online data about how it spends money. As a result, the DATA Act put certain requirements on the Secretary, the Director of the Office of Management and Budget (OMB), the Inspectors General of each Federal agency, and the Comptroller General of the United States. Implementing the DATA Act is a complex task requiring a substantial level of interagency coordination and cooperation to develop, establish, and apply new financial data standards and to develop new data handling methodologies within a short timeframe.

In light of the continuing problem with improper payments (estimated at $125 billion, or 4.5 percent of all program outlays, for fiscal year 2014), the Federal Government has intensified efforts to reduce improper payments in major Federal programs. The Do Not Pay Initiative, and the Treasury Bureau of the Fiscal Service's (Fiscal Service) Do Not Pay Business Center, are chief components of efforts designed to prevent and detect improper payments to individuals and entities. With its potential to reduce improper payments, the Do Not Pay Program is a major and important undertaking by Fiscal Service and Treasury.

Anti-Money Laundering and Terrorist Financing/Bank Secrecy Act Enforcement

Preventing criminals and terrorists from using financial networks to sustain their operations and/or launch attacks against the U.S. continues to be a challenge. Treasury's Office of Terrorism and Financial Intelligence (TFI) is dedicated to disrupting the ability of terrorist organizations to fund their operations. TFI brings intelligence gathering and analysis, economic sanctions, international cooperation, and private-sector cooperation to identify donors, financiers, and facilitators supporting terrorist organizations, and disrupt their ability to fund such organizations. Treasury carries out its responsibilities to enhance financial transparency through the laws collectively known as the Bank Secrecy Act (BSA). The Financial Crimes Enforcement Network (FinCEN) is the Treasury bureau responsible for administering BSA, while Treasury's Office of Foreign Assets Control administers U.S. foreign sanction programs. Given the criticality of this challenge to the Department's mission, we continue to consider anti-money laundering and combating terrorist financing programs and operations as inherently high-risk.

Gulf Coast Restoration Trust Fund Administration

In response to the Deepwater Horizon oil spill, Congress enacted the RESTORE Act. This law established within Treasury the Gulf Coast

Restoration Trust Fund (Trust Fund). It requires Treasury to deposit 80 percent of administrative and civil penalties paid by responsible parties pursuant to the Federal Water Pollution Control Act (Clean Water Act) into the Trust Fund. Thne monies deposited are to be distributed to the affected Gulf Coast States (Alabama, Florida, Louisiana, Mississippi, and Texas) for environmental and economic restoration. As of December 2015, the Trust Fund received about $816 million from the Federal Government's settlement with the Transocean defendants. In July 2015, BP Exploration & Production Inc. (BPXP), agreed to settle with the Federal Government and the Gulf Coast States. This will result in about $4.4 billion plus interest expected to be deposited into the Trust Fund over a 15-year period. With the amount and timing of the money resolved, Treasury, the Gulf Coast States, and impacted local governments are challenged to meet the intent of the Act within the expected funding levels and timing of payments.

In the Investigations operational area, OIG has established five priorities for FY 2017:

Criminal and Serious Employee Misconduct

The OIG's highest investigative priorities are complaints involving alleged criminal and other serious misconduct by Treasury employees. OIG investigates allegations of the general crimes enumerated in Title 18 of the U.S. Code, other federal crimes, alleged violations of the Ethics in Government Act, and allegations of serious misconduct prohibited by the Standards of Ethical Conduct for Employees of the Executive Branch. Some Treasury bureaus and offices have additional rules and regulations relating to ethical standards for their employees. OIG also investigates those complaints and alleged violations.

Fraud Involving Contracts, Grants, Guarantees, and Funds

The OIG investigates allegations of fraud and other crimes involving Treasury contracts, grants, loan guarantees, and federal funds, including investigations made in accordance with Sections 1602 and 1603 of the Recovery Act. Such allegations often involve contractors, entities, and individuals who are providing or seeking to provide goods or services to the Department. OIG receives complaints alleging criminal or other misconduct from employees, contractors, the public, and Congress.

Financial Programs and Operations Crime

Investigations relating to Treasury financial programs and operations involve issuing licenses, providing benefits, and exercising oversight of U.S. financial institutions; fraud involving improper Federal payments such as those involving Treasury checks and the *Check Forgery Insurance Fund* ("CFIF"); crimes involving the improperly-redirected benefits of federal government payees; and false claims of any kind that generate inappropriate Federal payments, including federal income tax refunds, Social Security benefits, and Veterans' Administration payments.

Threats Against Treasury Employees and Facilities

Investigative efforts into threats against Treasury employees and facilities are critical in ensuring safety. These matters require prompt attention and coordination with federal, State, and local authorities in order to protect those involved.

Treasury Employee and Bureau Impersonation Scams

Investigations relating to scammers who defraud the citizens of the U.S. and other countries by impersonating Treasury employees and/or by fraudulently using the Treasury and Bureau seals. These scams have significantly increased in the last few years, and require prompt attention to protect the public and the integrity of the Department.

OIG FY 2017 Budget Highlights

Dollars in Thousands

Office of Inspector General	FTE	Amount
FY 2016 Enacted	**194**	**$35,416**
Changes to Base:		
Maintaining Current Levels (MCLs):	-	$508
Pay-Raise	-	$269
Pay Annualization	-	$89
Non-Pay	-	$150
Subtotal Changes to Base	-	$508
Total FY 2017 Base	**194**	**$35,924**
Program Changes:		
Program Increases:	-	$1,120
DATA Act and Other Audit Workload	-	$1,120
Total FY 2017 Request	**194**	**$37,044**

FY 2017 Budget Adjustments

Adjustments to Request

Maintaining Current Level (MCLs)

Pay-Raise +$269,000 / +0 FTE

Funds are requested for the proposed January 2017 pay-raise.

Pay Annualization +$89,000 / +0 FTE

Funds are requested for annualization of the January 2016 pay-raise.

Non-Pay +$150,000 / +0 FTE

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

DATA Act and Other Audit Workload +$1,120,000 / +0 FTE

Funds are requested for anticipated increase in DATA Act and other audit workload.

Explanation of Budget Activities

Audit ($29,605,000 from direct appropriations, $10,500,000 from reimbursable resources)

The Office of Audit conducts audits 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, which include those of Treasury and the Gulf Coast Ecosystem Restoration Council. The requested funding for FY 2017 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. Reimbursable funding supports agreements for contracted audits as well as oversight of the SBLF/SSBCI programs. SBLF/SSBCI program oversight and expected performance is detailed in the SBLF/SSBCI Program Office budget submission.

Investigations ($7,439,000 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. The Office 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, the Office of Investigations faces greater challenges and anticipated increases in grant fraud. Investigative efforts are being directed towards those that subvert bank examination processes, subsequently defrauding the system and eroding the public's trust.

OI also has substantially increased its focus on the investigation of Treasury related improper payment fraud and scams targeting U.S. citizens where Treasury employees are being impersonated and Treasury seals are being used to defraud victims.

Legislative Proposals

OIG has no legislative proposals.

OIG Performance by Budget Activity

Budget Activity	Performance Measure	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016 Target	FY 2017 Target
Audit	Number of Completed Audit Products	72	75	86	77	86
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	84.0	84.0	87.0	80.0	80.0

Key: DISC – Discontinued

Description of Performance

The Office plans to complete 86 audit products in FY 2017 and 77 in FY 2016. In FY 2015, the Office of Audit completed 86 audit products, exceeding the planned target of 75. In FY 2015, the Office met its mandated audit requirements and identified $48.9 million in monetary benefits.

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

In FY 2015 the OIG exceeded the Investigative Performance Measure target, opened 133 new investigations, and closed 70 investigations. The OIG also referred 27 investigations that substantiated administrative violations against a Treasury employee to the appropriate regulated bureau for action. In addition, the OIG referred 72 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.

Special Inspector General for the Troubled Asset Relief Program

Program Summary by Budget Activity

Dollars in Thousands

Budget Activity	FY 2015 Enacted		FY 2016 Enacted		FY 2017 Request		FY 2016 to FY 2017 Change		FY 2016 to FY 2017 % Change
Audit		9,243		8,870		8,644		(226)	-2.55%
Investigations		24,991		31,801		32,516		715	2.25%
Subtotal Appropriated Resources	**$**	**34,234**	**$**	**40,671**	**$**	**41,160**	**$**	**489**	**1.20%**
Unobligated Balances from Prior Years		10,957		6,495		3,790		(2,705)	-41.65%
Available PPIP Funds		965		928		1,548		620	66.81%
Total Program Operating Level	**$**	**46,156**	**$**	**48,094**	**$**	**46,498**	**$**	**(1,596)**	**-3.32%**
Total FTE		**192**		**192**		**192**		**N/A**	**N/A**
Budget Activity	**FY 2015 Enacted**		**FY 2016 Enacted**		**FY 2017 Request**		**FY 2016 to FY 2017 Change**		**FY 2016 to FY 2017 % Change**
Audit		12,201		10,266		9,440		(826)	-8.05%
Investigations		33,955		37,828		37,058		(770)	-2.04%
Total SIGTARP by Budget Activity	**$**	**46,156**	**$**	**48,094**	**$**	**46,498**	**$**	**(1,596)**	**-3.32%**
Total FTE		**192**		**192**		**192**		**N/A**	**N/A**

Summary

The FY 2017 President's Budget request for the Special Inspector General for the 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. Through open and transparent communication with Congress, SIGTARP also supports Treasury's Strategic Goal 5: Create a 21st-century approach to government by improving efficiency, effectiveness, and customer interaction.

SIGTARP promotes the efficiency and effectiveness of TARP management through transparency, coordinated oversight, and robust enforcement. Congress created SIGTARP to protect taxpayers who funded the TARP from fraud, waste, and abuse through SIGTARP oversight and audits, and through investigations to combat fraud and other crime. SIGTARP is a white-collar law enforcement agency with the authority to search, seize, and arrest. Fraud prevention and law enforcement are at the heart of SIGTARP's mission. 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 2017 President's Budget request will provide resources to (1) detect, stop, and investigate crime related to TARP; (2) support prosecutions of those defendants SIGTARP investigates; and (3) provide oversight and transparency over TARP-funded housing programs.

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. 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 at least the year 2023.

SIGTARP FY 2017 Budget Highlights

Dollars in Thousands

Special Inspector General for TARP	FTE	Amount
FY 2016 Enacted	**192**	**$40,671**
Changes to Base:		
Maintaining Current Levels (MCLs):		**$588**
Pay raise		303
Pay annualization		101
Non-pay		184
Efficiency Savings	**(8)**	**$(99)**
Technical FTE Adjustment	(8)	
Efficiency Savings		(99)
Subtotal Changes to Base	**(8)**	**$489**
Total FY 2017 Base	**184**	**$41,160**
Total FY 2017 Request	**184**	**$41,160**

FY 2017 Budget Adjustments

Maintaining Current Level (MCLs)

Pay-Raise +$303,000 / +0 FTE

Funds are requested for the proposed January 2017 pay-raise.

Pay Annualization +$101,000 / +0 FTE

Funds are requested for annualization of the January 2016 pay-raise.

Non-Pay +$184,000 / +0 FTE

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

Technical FTE Adjustment -$0 / -8 FTE

The technical FTE adjustment reduces the appropriated FTE level but does not reduce SIGTARP's overall FTE levels. The eight FTE will be absorbed in SIGTARP's PPIP fund to more accurately reflect work performed and prior year usage.

Efficiency Savings -$99,000 / -8 FTE

SIGTARP will reduce costs through efficiencies identified in technology investments.

Explanation of Budget Activities

Audit ($8,644,000 from direct appropriations)

The Audit budget activity supports SIGTARP's priority of coordinated oversight by providing recommendations to Treasury to improve the effectiveness and efficiency of TARP programs; to bring transparency to decisions made in TARP; and to 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 TARP.

Investigations ($32,516,000 from direct appropriations)

The Investigations budget activity 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 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016 Target	FY 2017 Target
Audit	Number of Completed Audit Products (Units)	10	10	8	DISC	DISC
Audit	Number of Completed Audit Products Including Referrals to Investigations Division (Units)	N/A	N/A	N/A	7	7
Audit	Percentage of Congressional Inquiries Responded to within 45 Days of Receipt (%)	N/A	N/A	100	85	85
Investigations	Percentage of Cases Accepted for Consideration by Civil or Criminal Authorities Resulting in a Positive Final Outcome (%)	N/A	N/A	N/A	60	70
Investigations	Percentage of Cases Presented to Civil or Criminal Authorities Within Eight Months of the Case Being Opened (%)	N/A	N/A	N/A	70	70
Investigations	Percentage of Cases that are Joint Agency/Task Force Investigations (%)	79	76	70	70	70
Investigations	Percentage of Hotline Complaints Responded to or Referred for Investigation or further action with 14 days of Receipt (%)	83	95	94	DISC	DISC
Investigations	Percentage of Investigations Accepted for Consideration by Prosecutors (%)	94	98	95	DISC	DISC
Investigations	Percentage of Preliminary Investigations Converted to full Investigations within 180 days (%)	82	96	100	80	80

Key: DISC - Discontinued

Description of Performance

The performance measure "Number of Completed Audit Products" includes issuing audit products that promote the efficiency and effectiveness of TARP and prevent waste, fraud, and abuse.

SIGTARP met its target of eight audit products for FY 2015. In recognition of the shift of increasing resources to law enforcement and to reflect expected results of the new forensic audit unit, SIGTARP changed this target in FY 2016 to more accurately reflect the relationship between the Audit and Investigations activities. The new measure, "Number of Completed Audit Products including Referrals to Investigations Division," tracks the ties between the two activities and continues to measure the number of audit reports that promote the efficiency and effectiveness of TARP. The target for this new metric is seven in FY 2016 and seven in FY 2017.

In FY 2015, SIGTARP added a new measure to track the responsiveness of information flow between SIGTARP and Congress. "Percentage of Congressional Inquiries Responded to within 45 days of Receipt" tracks SIGTARP's promptness in providing developments of its oversight activities to Congress. In FY 2015, SIGTARP exceeded its 85 percent target in all inquiries, responding within 45 days 100 percent of the time. SIGTARP's targets are 85 percent for FY 2016 and 85 percent for FY 2017.

The SIGTARP Hotline has analyzed more than 34,968 Hotline contacts. The "Percentage of Hotline Complaints Responded to or Referred for Investigation or Further Action within 14 Days of Receipt" was almost 94 percent for FY 2015, exceeding the target of 75 percent. As SIGTARP transitions to alternative means of uncovering TARP-related crimes, it is discontinuing this measure in FY 2016. Instead, SIGTARP will measure the "Percentage of Cases Accepted for Consideration by Civil or Criminal Authorities Resulting in a Positive Final Outcome." For this new metric, SIGTARP's targets are 60 percent for FY 2016 and 70 percent for FY 2017.

During FY 2015, "Percentage of Investigations Accepted for Consideration by Prosecutors" was more than 95 percent, exceeding the target of 70 percent. SIGTARP will discontinue this performance metric in FY 2016 and replace it with "Percentage of Cases Presented to Civil or Criminal Authorities within Eight Months of the Case Being Opened." The targets for this new metric are 70 percent in FY 2016 and 70 percent in FY 2017.

In FY 2015, "Percentage of Cases That are Joint Agency/Task Force Investigations" with other law enforcement agencies was just under 70 percent, exceeding the target of 50 percent. SIGTARP's target is 70 percent for FY 2016 and 70 percent for FY 2017.

In FY 2015, "Percentage of Preliminary Investigations Converted to Full Investigations within 180 days" was 100 percent, exceeding the target of 70 percent. As SIGTARP has gained expertise in investigating TARP-related crime, it has efficiently leveraged its resources to handle its growing inventory and to expedite these investigations. As SIGTARP's workforce has evolved, so has its ability to respond quickly to allegations and to devote the necessary resources. SIGTARP has involved prosecutors in preliminary investigations to ensure that allegations, if proven, will be prosecuted. The result is a greater number of preliminary investigations converted to full investigations within the 180-day timeframe. Based on these efficiencies, future targets will increase to 80 percent in FY 2016 and 80 percent in FY 2017.

Treasury Inspector General for Tax Administration

Program Summary by Budget Activity

Dollars in Thousands

Budget Activity	FY 2015 Enacted	FY 2016 Enacted	FY 2017 Request	FY 2016 TO FY 2017 $ Change	FY 2016 TO FY 2017 % Change
Audit	$61,572	$65,100	$66,020	$920	1.41%
Investigations	$96,638	$102,175	$103,614	$1,439	1.41%
Subtotal, Treasury Inspector General for Tax Administration	**$158,210**	**$167,275**	**$169,634**	**$2,359**	**1.41%**
Offsetting Collections - Reimbursables	$1,500	$1,500	$1,500	$0	0.00%
Total Program Operating Level	**$159,710**	**$168,775**	**$171,134**	**$2,359**	**1.40%**
Direct FTE	835	859	859	0	0.00%
Reimbursable FTE	2	2	2	0	0.00%
Total FTE	**837**	**861**	**861**	**0**	**0.00%**

Summary

The FY 2017 President's Budget request for the Treasury Inspector General for Tax Administration (TIGTA) will be used to provide high quality professional audit, investigative, and inspection and evaluation 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 3: "Fairly and effectively reform and modernize federal financial management, accounting, and tax systems."

Specifically, TIGTA's vision is 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, and improve the execution of the Internal Revenue Code." While there are a number of critical areas where TIGTA will provide oversight, its FY 2017 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 IRS employees; tax systems and online services; identity theft; oversight of tax-exempt organizations; tax compliance; the implementation of tax law changes; and human capital challenges facing the IRS in its domestic and/or international operations;
- Develop advanced analysis and innovative approaches to help prevent and detect the flow of dollars fraudulently obtained by criminals and IRS employees to ensure the security of IRS and TIGTA data;
- Providing the IRS with the investigative coverage and the information necessary to mitigate threats against its employees, facilities, and data 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 ACA; and
- Overseeing the IRS's efforts to increase international tax compliance.

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 provides responsive, timely, and cost-effective inspections and evaluations of challenging areas in IRS programs. 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 2017 are $171,134,000, including $169,634,000 from direct appropriations and $1,500,000 from offsetting collections and reimbursable programs.

TIGTA FY 2017 Budget Highlights

Dollars in Thousands

Treasury Inspector General for Tax Administration	FTE	Amount
FY 2016 Enacted	**859**	**$167,275**
Changes to Base:		
Maintaining Current Levels (MCLs):	-	$2,376
Pay-Raise	-	$1,315
Pay Annualization	-	$437
Non-Pay	-	$624
Efficiency Savings:	-	($17)
Personnel Security Background Investigations	-	($17)
Subtotal Changes to Base	-	$2,359
Total FY 2017 Base	**859**	**$169,634**
Total FY 2017 Request	**859**	**$169,634**

FY 2017 Budget Adjustments

Adjustments to Request

Maintaining Current Level (MCLs)

Pay-Raise +$1,315,000 / +0 FTE

Funds are requested for the proposed January 2017 pay-raise.

Pay Annualization +$437,000 / +0 FTE

Funds are requested for annualization of the January 2016 pay-raise.

Non-Pay +$624,000 / +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 -$17,200 / +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.

Explanation of Budget Activities

Audit ($66,020,000 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 of 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 2015, the Office of Audit (OA) issued 92 audit reports that included potential financial benefits of approximately $26.6 billion, an increase of $10 billion over FY 2014 and affected approximately 5.3 million taxpayer accounts. In FY 2014, several key ACA provisions became effective. Beginning in Calendar Year 2014, most individuals were 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 ($103,614,000 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 2015, 49 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 91,000 employees and 601 facilities throughout the country. TIGTA maintains IRS employee and infrastructure security by conducting investigations into incidents that threaten IRS employees, facilities, and infrastructure. The Inspector General Reform Act of 2008 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 in which 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 impersonation schemes in which criminals are pretending to be IRS employees and are attempting to collect phantom tax liabilities from innocent taxpayers. In FY 2015, TIGTA received more than 896,000 reports related to this type of contact; and more than 5000 taxpayers have been defrauded out of more than $26.5 million as a result of impersonation scams.

In May 2015, the IRS originally reported to TIGTA that criminals used taxpayer-specific data acquired from non-IRS sources to successfully gain unauthorized access to more than 100,000 tax accounts through IRS's "Get Transcript" application. In August 2015, as a result of TIGTA's investigative findings, the IRS conducted a deeper analysis in which it identified an additional 220,000 successful attempts to clear the "Get Transcript" verification process by individuals with taxpayer-specific sensitive data. The updated review also identified an additional 170,000 suspected attempts that failed to clear the authentication processes. Following TIGTA's advice, the IRS disabled the "Get Transcript" application until this matter is investigated. As of February 2016, the "Get Transcript" application is still disabled.

As part of its overall investigation into the data breach, the Office of Investigations (OI) is conducting an in-depth forensic review of more than 300,000 accounts to determine if they were used for any other type of identity theft. The investigation will also identify the vulnerabilities that allowed the accounts to be stolen and will generate the evidence necessary to bring the responsible individuals to justice.

Legislative Proposals

TIGTA has no legislative proposals.

TIGTA Performance by Budget Activity

Budget Activity	Performance Measure	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016 Target	FY 2017 Target
Audit	Percentage of Audit Products Delivered when Promised to Stakeholders	84.0	65.0	80.0	68.0	68.0
Audit	Percentage of Recommendations Made that Have Been Implemented	87.0	89.0	92.0	85.0	85.0
Investigations	Percentage of Results from Investigative Activities	90.0	92.0	93.0	81.0	81.0

Key: DISC – Discontinued

Description of Performance

- For FY 2015, OA issued 92 audit reports identifying approximately $26.6 billion in potential financial benefits (i.e., costs savings, increased or protected revenue, taxpayer rights and entitlements, and inefficient use of resources).
- For FY 2015, TIGTA surpassed its target of 68 percent of Audit Products Delivered when Promised to Stakeholders. TIGTA achieved 80 percent as a result of monitoring the execution of its audit programs. The FY 2015 actual percentage of Recommendations Made that Have Been Implemented was 92 percent. TIGTA exceeded its target 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 2017, OA's performance targets are 68 percent of Audit Products Delivered when Promised to Stakeholders and 85 percent of Recommendations Made that Have Been Implemented.
- During FY 2015, TIGTA initiated 37 proactive investigative initiatives to detect systemic weaknesses or potential IRS program vulnerabilities. TIGTA received 12,080 complaints and opened 2,726 investigations in FY 2015. During this time period, TIGTA also closed 2,797 investigations, which included 1,185 cases of employee misconduct referred for IRS action and 146 cases of all types of investigations accepted for criminal prosecution.
- For FY 2017, OI's performance target is 81 percent of Results from Investigative Activities.

Community Development Financial Institutions Fund

Program Summary by Budget Activity

Dollars in Thousands

Budget Activity	FY 2015 Enacted	FY 2016 Enacted	FY 2017 Request	FY 2016 to FY 2017 $ Change	FY 2016 to FY 2017 % Change
Community Development Financial Institutions Program	$152,400	$153,423	$153,423	$0	0.00%
Bank Enterprise Award Program	$18,000	$19,000	$19,000	$0	0.00%
Native American CDFI Assistance Program	$15,000	$15,500	$15,500	$0	0.00%
Administration	$23,100	$23,600	$26,000	$2,400	10.17%
Healthy Food Financing Initiative	$22,000	$22,000	$22,000	$0	0.00%
Small Dollar Loan Program	$0	$0	$10,000	$10,000	N/A
Subtotal, Community Development Financial Institutions Fund	**$230,500**	**$233,523**	**$245,923**	**$12,400**	**5.31%**
User Fees	$1,040	$1,059	$1,269	$210	19.83%
Recovery from Prior Years	$3,924	$5,200	$5,200	$0	0.00%
Unobligated Balances from Prior Years	$10,856	$5,500	$5,500	$0	0.00%
Total Program Operating Level	**$246,320**	**$245,282**	**$257,892**	**$12,610**	**1.79%**
Direct FTE	79	79	87	8	10.13%
Reimbursable FTE	0	0	0	0	N/A
Total FTE	**79**	**79**	**87**	**8**	**10.13%**

Summary

The FY 2017 Budget requests an appropriation of $245,923,000 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 (HERA), 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 2017 Budget proposes funding for the CDFI Program and Native American CDFI Assistance (NACA) Program, the Bank Enterprise Award Program, the Small Dollar Loan Program, and the Healthy Food Financing Initiative (HFFI). The CDFI Fund's request also includes funding for the administration, operational support, and management associated with these programs and the New Markets Tax Credit (NMTC)

Program, the CDFI Bond Guarantee Program, and the Capital Magnet Fund (CMF).

CDFI FY 2017 Budget Highlights

Dollars in Thousands

Community Development Financial Institutions Fund	FTE	Amount
FY 2016 Enacted	**79**	**$233,523**
Changes to Base:		
Maintaining Current Levels (MCLs):	-	$412
Pay-Raise	-	$100
Pay Annualization	-	$33
Non-Pay	-	$279
Non-Recurring Costs:	-	($337)
Research and Evaluation (Data Collection)	-	($337)
Subtotal Changes to Base	-	$75
Total FY 2017 Base	**79**	**$233,598**
Program Changes:		
Program Increases:	-	$12,325
Administration	8	$2,325
Small Dollar Loan Program	-	$10,000
Total FY 2017 Request	**87**	**$245,923**

FY 2017 Budget Adjustments

Maintaining Current Levels (MCLs)

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

Funds are requested for the proposed January 2017 pay-raise.

Pay Annualization +$33,000 / +0 FTE

Funds are requested for annualization of January 2016 pay-raise.

Non-Pay +$279,000 / +0 FTE

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

Non-Recurring Costs

Administration – Research and Evaluation (Data Collection) -$337,000 / +0 FTE

The CDFI Fund will non-recur a portion of research and evaluation funding. This reduction will not impact on-going research and evaluation.

Program Increases

Administration +$2,325,000 / +8 FTE

This increase will allow the CDFI Fund to allocate an estimated $74 million in awards under the CMF in FY 2017 and to develop the Community Development Impact Measuring Estimator (CDIME) modeling tool. Awards made through the CMF program will be funded by annual transfers from Fannie Mae and Freddie Mac pursuant to HERA.

Small Dollar Loan Program +$10,000,000 / +0 FTE

The CDFI Fund requests $10 million for the Small Dollar Loan Program to provide CDFIs with Financial Assistance grants to establish loan loss reserve funds and Technical Assistance grants for capacity building. These awards will encourage CDFIs to address the issue of predatory lending in their communities and provide an alternative to payday lenders.

Explanation of Budget Activities

Community Development Financial Institutions Program ($153,423,000 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 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.

Additionally, CDFI Program provides capacity-building initiatives that foster the development of CDFIs through training and technical assistance.

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 credit allocation authority, the CDFI Fund monitors CDE compliance through the terms of their allocation agreements.

On December 18, 2015, Congress extended the authorization of the NMTC Program for $3.5 billion per year in qualifying investments, and permitted the NMTC to offset the Alternative Minimum Tax (AMT) liability.

Bank Enterprise Award Program ($19,000,000 from direct appropriations)
Through the BEA Program, the CDFI Fund encourages insured depository institutions to increase investments and services in distressed communities and to provide financial assistance to CDFIs. Organizations that receive BEA Program awards are required to reinvest those funds back into distressed communities.

Native American CDFI Assistance Program ($15,500,000 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 ($22,000,000 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.

CDFI 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.

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 ($26,000,000 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 CMF.

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 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016 Target	FY2017 Target
Community Development Financial Institutions Program	CDFI - Percent of Loans & Investments Originated in Distressed communities and to underserved populations by amount of loans (Annual) %	77.1%	70.8%	80.1%	60.0%	60.0%
Administration	ALL - Award Cycle Time (months)	6.8	7.1	8.3	7.0	7.0
Administration	ALL – Affordable Housing (units)	26,391	32,621	27,004	29,000	29,000
New Markets Tax Credit Program	Community Development Entities' Annual Qualified Equity Investments In Low-Income Communities ($ billions)	$5.5	$4.0	$3.0	$3.5	$3.5
New Markets Tax Credit Program	NMTC-Percentage of Loans and Investments that went into Severely Distressed Communities (percentage)	78.50%	73.80%	75.20%	72.00%	72.00%

Key: DISC – Discontinued

Description of Performance

In the FY 2015 funding round of the CDFI Program, the CDFI Fund received applications from 356 organizations, requesting over $435 million in financial and technical assistance awards. In addition, 33 qualified organizations applied for the Healthy Food Financing Initiative (HFFI) requesting $101 million. In September 2015, the CDFI Fund awarded more than $160 million in grants to 152

CDFIs. Additionally 11 organizations were awarded $22 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 2015, CDFI Program awardees reported that over 80 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 less efficient to originate and manage. The trend for FY 2012-2015 indicates that CDFI awardees have been successful in meeting their mission of serving distressed communities and underserved populations while maintaining sound investment portfolio performance.

In FY 2015, 21 prior HFFI awardees reported 206 HFFI investments totaling $88.3 million. There were 119 retail investments totaling over $69 million that developed 1,564,732 square feet of new retail space for projects ranging from small green grocers to large supermarkets which served low-income, low-access census tracts. In addition, there were 87 non-retail investments totaling over $19 million in projects involving production and distribution, which developed 1,718,088 square feet of space for eligible healthy food activities.

In FY 2015, the application-award timeframe was missed by more than one month because of a change in matching funds requirements under the December 2014 appropriation language which required supplemental notification to applicants and additional reviews of the applicant's matching funds documentation. The seven-month target has been retained for both FY 2016 and 2017 because the CDFI Fund has revised its internal policies and procedures to improve the cycle times for the application review and matching funds procedures. In addition, once the CDFI Fund's new Awards Management Information System (AMIS) is fully deployed, the application cycle time should further benefit from the automation of application intake and review.

The All-Affordable Housing measure captures the number of affordable housing units developed or produced as a result of CDFI Fund awards, as reported by CDFI, NMTC and CMF program awardees. The actual results of 27,000 affordable housing units for FY 2015 fell short of the ambitious target of 36,000 units. The target was missed due to changes in housing investments across programs. There were declines in housing lending by CDFI awardees largely due to a decline in the number of awardees focusing on housing (3,000 fewer units than the prior year), a slight decline in NMTC housing investments (540 fewer than the prior year) and a deferral of the completion of 1,300 CMF funded housing units to 2016. A provisional target is retained for 2016 which does not factor in results from future rounds of funding for CMF. Please note that for CMF awards made in FY 2016, the outcomes will not be reported until FY 2018.

The 2014 NMTC investment authority was allocated in FY 2015 due to delayed passage of the authorizing legislation. In the 2014 round, the NMTC Program awarded $3.5 billion in NMTC investment authority to 76 CDEs, out of a pool of applicants requesting $19.9 billion.

The FY 2015 target for Qualified Low-Income Community Investments (QLICIs) was set at $5 billion to reflect the actual annual tax credit authority requested. The FY 2015 target was not met because the prior year's tax credit authority had been limited to $3.5 billion. The 2011-2013 trends reflect the effect of higher tax credit authority at $5 billion and the subsequent decrease in 2014 for QLICIs reflects the lower levels of tax credit authority. A complementary measure of program performance is investments in severely distressed communities because it measures impact. In FY 2015 the investments in severely distressed communities exceeded the target. This performance indicates that NMTC investors continue to meet their commitments in severely distressed communities.

Financial Crimes Enforcement Network

Program Summary by Budget Activity

Dollars in Thousands

Budget Activity	FY 2015 Enacted	FY 2016 Enacted	FY 2017 Request	FY 2016 to FY 2017 $ Change	FY 2016 to FY 2017 % Change
BSA Administration and Analysis	$112,000	$112,979	$115,003	$2,024	1.79%
Subtotal, Financial Crimes Enforcement Network	**$112,000**	**$112,979**	**$115,003**	**$2,024**	**1.79%**
Offsetting Collections - Reimbursables	$3,000	$1,500	$1,500	$0	0.00%
Recovery from Prior Years	$500	$500	$500	$0	0.00%
Unobligated Balances from Prior Years	$50,000	$42,000	$38,000	($4,000)	-9.52%
Total Program Operating Level	**$165,500**	**$156,979**	**$155,003**	**($1,976)**	**-1.26%**
Direct FTE	345	343	343	0	0.00%
Reimbursable FTE	1	1	1	0	0.00%
Total FTE	**346**	**344**	**344**	**0**	**0.00%**

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 147 partner countries; receiving millions of new financial reports each year and maintaining a database of over 190 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, FIUs, regulatory partners, and industry.

FinCEN's priorities include:

- Target examination and enforcement efforts to high risk and priority areas, with increased focus on money services businesses;
- Expand understanding and analysis of illicit networks, institutions, jurisdictions, and schemes, with emphasis on national security threats and terrorist groups such as ISIL;
- Ensure the BSA regulatory structure effectively and efficiently targets illicit financing risks;
- Manage the efficient collection, processing, and retrieval of BSA data; and
- Foster strong public-private partnerships with the financial industry.

FinCEN FY 2017 Budget Highlights

Dollars in Thousands

Financial Crimes Enforcement Network	FTE	Amount
FY 2016 Enacted	**343**	**$112,979**
Changes to Base:		
Maintaining Current Levels (MCLs):	-	$1,824
Pay-Raise	-	$528
Pay Annualization	-	$175
Non-Pay	-	$1,121
Efficiency Savings:	-	($1,300)
Efficiency Savings	-	($750)
Commercial Database Contract Savings	-	($550)
Subtotal Changes to Base	-	$524
Total FY 2017 Base	**343**	**$113,503**
Program Changes:		
Program Increases:		
National Security Response Capacity	-	$1,500
Total FY 2017 Request	**343**	**$115,003**

FY 2017 Budget Adjustments

Adjustments to Request

Maintaining Current Levels (MCLs)

Pay-Raise +$528,000 / +0 FTE

Funds are requested for the proposed January 2017 pay-raise.

Pay Annualization +$175,000 / +0 FTE

Funds are requested for annualization of the January 2016 pay-raise.

Non-Pay +$1,121,000 / +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 -$750,000 / +0 FTE

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

Commercial Database Contract Savings -$550,000 / +0 FTE

These savings are the result of renewed contract pricing for open source commercial databases used in FinCEN's intelligence analysis. These savings resulted from Treasury's strategic sourcing initiative that renegotiated contract pricing on several commercial databases and from reassessment of usage categories.

Program Increases

National Security Response Capacity +$1,500,000 / +0 FTE

FinCEN will use these funds to sustain increased contractor support for FinCEN's intelligence analysis and reporting for efforts against ISIL. In FY 2015, FinCEN temporarily increased the number of contractor personnel who process alerts on BSA filings and develop reports for dissemination to FinCEN customers in law enforcement, the intelligence community, and foreign FIUs. These customers indicate the enhanced level of support has aided investigations and increased their capacity to address an increasing number of threats from groups like ISIL. The demand for FinCEN's financial intelligence has solidified the need for the bureau to continue to support critical national security activities whenever they arise. In many cases, FinCEN is the only link between the intelligence community and the financial intelligence maintained pursuant to the reporting obligations under the BSA. The information available from FinCEN's new capability to provide red flag alerts on BSA filings has become extremely valuable to the intelligence and law enforcement community. In order to address emerging issues and provide the level of support that law enforcement and the intelligence community have come to rely on, FinCEN needs additional funding to continue the current contractor support.

Explanation of Budget Activities

BSA Administration and Analysis ($115,003,000 from direct appropriations, and $1,500,000 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 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 maintain a 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 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016 Target	FY 2017 Target
BSA Administration and Analysis	Percentage of Users Finding That the Financial Intelligence Collected by FinCEN Pursuant to its Regulations Provides Valuable Information to Safeguard the Financial System, Combat Money Laundering, and Counter Terrorist Financing	80.0	81.0	83.0	84.0	85.0
BSA Administration and Analysis	Percentage of Stakeholders Finding FinCEN's Information Sharing Has Contributed to Their Organization's Responsibilities	N/A	89.0	91.0	92.0	92.0
BSA Administration and Analysis	Percentage of Users Satisfied with FinCEN Information Sharing Systems	N/A	N/A	80.0	80.0	80.0

Key: DISC – Discontinued

Description of Performance

FinCEN tracks 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 looks at the value of FinCEN data, such as whether the data provided unknown information, supplemented or expanded known information, verified information, helped identify new leads, opened a new investigation or examination, supported an existing investigation or examination, or provided information for an investigative or examination report. In FY 2015, FinCEN surpassed its target of 82 percent with 83 percent finding value. FinCEN attained this result by placing greater emphasis on both in-person and online training that will better assist users in understanding and utilizing the new FinCEN Query tool for their unique cases and situations.

FinCEN measures the percentage of stakeholders finding FinCEN's information sharing has contributed to their organization's responsibilities. The measure examines 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 fairly new composite measure that consists of the following questions: call center guidance response was understandable; rate the usefulness of the 314(a) requests FinCEN processed on behalf of your agency for investigations of financial crimes or money laundering; how satisfied are you with the information sharing you have with FinCEN; and over the past 12 months how satisfied are you with FinCEN. This is a meaningful measure as it tracks FinCEN's efforts to share financial intelligence. In FY 2015, FinCEN surpassed its target of 89 percent with 91 percent finding the information sharing helpful. FinCEN was able to attain this performance by maximizing the sharing of financial intelligence between FinCEN and its domestic and foreign partners in government and private industry.

FinCEN tracks the percentage of users satisfied with FinCEN information sharing systems. The measure is based on survey responses and represents user satisfaction with the BSA E-Filing System, FinCEN Query, and the Egmont Secure Web. Starting with industry, FinCEN collects and maintains BSA reports filed by financial institutions and other filers. In turn, FinCEN provides authorized users (including Treasury and the Office of Terrorism and Financial Intelligence) access to a query system containing 11 years of BSA data. FinCEN also provides foreign FIUs in the Egmont Group with a secure system for exchanging financial intelligence to combat money laundering and terrorist financing. This measure is meaningful because the technology allows authorized persons to more readily access BSA information and better enables them to conduct investigations more efficiently and effectively. In FY 2015, FinCEN exceeded its target of 78 percent with 80 percent of the users satisfied with information sharing systems. During FY 2015, FinCEN continued to address critical system issues and make minimal enhancement requests as part of its ongoing operations and maintenance.

Alcohol and Tobacco Tax and Trade Bureau

Program Summary by Budget Activity

Dollars in thousands

Budget Activity	FY 2015 Enacted	FY 2016 Enacted	FY 2017 Request	FY 2016 TO FY 2017 $ Change	FY 2016 TO FY 2017 % Change
Collect the Revenue	$52,721	$52,785	$53,560	$775	1.47%
Protect the Public	$47,279	$53,654	$52,879	($775)	-1.44%
Subtotal, Alcohol and Tobacco Tax and Trade Bureau	**$100,000**	**$106,439**	**$106,439**	**$0**	**0.00%**
Offsetting Collections - Reimbursables	$7,022	$6,992	$6,912	($80)	-1.14%
Appropriations Transferred from IRS Program Integrity Cap Adjustment	$0	$0	$5,000	$5,000	NA
Total Program Operating Level	**$107,022**	**$113,431**	**$118,351**	**$4,920**	**4.34%**
Direct FTE	473	494	494	0	0.00%
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**	**504**	**539**	**35**	**6.94%**

Summary

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

In FY 2017, 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 2017 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 2017 are $118,351,000, including $106,439,000 from direct appropriations, $6,912,000 from other offsetting collections and reimbursable programs, and $5,000,000 in appropriations transferred from other accounts.

TTB FY 2017 Budget Highlights

Dollars in Thousands

Alcohol and Tobacco Tax and Trade Bureau	FTE	Amount
FY 2016 Enacted	**494**	**$106,439**
Changes to Base:		
Maintaining Current Levels (MCLs):	-	$1,562
Pay-Raise	-	$598
Pay Annualization	-	$199
Non-Pay	-	$765
Other Adjustments:	-	($1,562)
IT Investments in Application Systems	-	($1,562)
Subtotal Changes to Base	-	$0
Total FY 2017 Base	**494**	**$106,439**
Program Changes:		
Program Increases:	35	$5,000
Alcohol and Tobacco Enforcement Program	35	$5,000
Total FY 2017 Operating Level	**529**	**$111,439**
Program Integrity Cap Adjustment Included in IRS Budget Request	**-**	**($5,000)**
Total FY 2017 Net Appropriation Request	**529**	**$106,439**

FY 2017 Budget Adjustments

Adjustments to Request

Maintaining Current Level (MCLs)

Pay-Raise +$598,000 / +0 FTE

Funds are requested for the proposed January 2017 pay-raise.

Pay Annualization +$199,000 / +0 FTE

Funds are requested for annualization of the January 2016 pay-raise.

Non-Pay +$765,000 / +0 FTE

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

Other Adjustments

IT Investments in Application Systems -$1,562,000 / -0 FTE

TTB will defer additional IT enhancements for its labeling program modernization effort while continuing to retain the additional label specialists, formula specialists, and chemists hired to improve processing times of labels and formulas.

Program Increases

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

The FY 2017 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 2017 and $5 million in additional new initiatives each fiscal year from 2018 through 2021. 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 to maximize their potential taxpayer returns, the total above-base cap adjustment including inflation is $189 million over the 10-year period. Over this same time period, these investments will generate an estimated $338 million in additional tax revenue over the 10-year period. The net savings from these investments is $149 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 FY 2017 President's Budget as part of the IRS's program integrity cap adjustment.

Explanation of Budget Activities

Collect the Revenue ($53,560,000 from direct appropriations, $3,594,000 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 2015, excise tax collections reached $13.6 billion for tobacco products, nearly $8 billion for alcohol beverage products, and $638 million for firearms and ammunition. This budget activity supports Treasury's strategic objective to improve the execution of the tax code and TTB's strategic goal of ensuring that industry remits the proper Federal tax on these products.

Protect the Public ($52,879,000 from direct appropriations, $3,318,000 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 approximately 76,000 businesses that hold a TTB permit or registration. This budget activity supports Treasury's strategic objective to facilitate commerce through trusted and secure U.S. currency, products, and services and TTB's strategic goal of ensuring 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 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016 Target	FY 2017 Target
Collect the Revenue	Amount of Revenue Collected Per Program Dollar	457.0	457.0	437.0	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	90.0	88.0	92.0	94.0
Protect the Public	Percent of Electronically Filed Permit Applications	70.0	79.0	84.0	87.0	89.0
Protect the Public	Percentage of Permit Applications Processed with Service Standards	50.0	58.0	47.0	85.0	85.0
Protect the Public	Customer Satisfaction Rate with TTB Permitting Process	N/A	B	76.0	80.0	80.0
Protect the Public	Percent of Electronically Filed Label and Formula Applications	90.0	93.0	94.0	95.0	95.0
Protect the Public	Percentage of Alcohol Beverage Label and Formula Applications Processed within Service Standards	49.0	67.0	75.0	85.0	85.0

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 2015, TTB met three out of seven 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 2015:

- TTB collected $22.3 billion in excise taxes and other revenues from nearly 11,700 taxpayers in the alcohol, tobacco, firearms, and ammunition industries. The return on investment for the Collect the Revenue program was $437 for every $1 expended on collection activities.
- In four years of operating, TTB's Criminal Enforcement program has opened a total of 91 criminal cases, with identified liabilities of over $551 million in estimated alcohol, tobacco, firearms, and ammunition excise taxes and approximately $124 million in criminal seizures. Further, TTB has maintained a 100 percent conviction rate on cases fully resolved through the legal system.
- TTB completed approximately 400 audits, examinations, and revenue investigations, which contributed to the identification of additional tax revenue of more than $57 million.
- TTB processed $350 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 $307 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 the Protect the Public activity resulted in the following performance highlights and accomplishments during FY 2015:

- TTB issued nearly 136,000 Certificate of Label Approvals (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 and formula 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 over 5,450 Federal permits, primarily to new alcohol beverage producers, importers, and wholesalers. 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 580 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 2015 Enacted	FY 2016 Enacted	FY 2017 Request	FY 2016 TO FY 2017 $ Change	FY 2016 TO FY 2017 % Change
Accounting and Reporting	$104,725	$125,752	$114,167	($11,585)	-9.21%
Collections	$35,029	$38,798	$40,225	$1,427	3.68%
Payments	$120,912	$118,454	$115,141	($3,313)	-2.80%
Retail Securities Services	$76,819	$70,038	$71,186	$1,148	1.64%
Wholesale Securities Services	$10,699	$10,808	$12,338	$1,530	14.16%
Subtotal, Fiscal Service	**$348,184**	**$363,850**	**$353,057**	**($10,793)**	**-2.97%**
Offsetting Collections - Reimbursables	$277,674	$292,381	$268,486	($23,895)	-8.17%
Total Program Operating Level	**$277,674**	**$656,231**	**$621,543**	**($34,688)**	**-5.29%**
Direct FTE	1,636	1,586	1,664	78	4.92%
Reimbursable FTE	714	701	488	-213	-30.39%
Total FTE	**2,350**	**2,287**	**2,152**	**-135**	**-5.90%**

Note: Fiscal Service revised the budget activities and reporting to reflect the consolidated bureau activities. Please see Section 4B of the Congressional Justification for additional information.

Summary

The Bureau of the Fiscal Service (Fiscal Service) is focused on maximizing efficiencies, transparency, and accountability with the goal of transforming government-wide financial management and the delivery of shared services. These themes are reinforced through Strategic Goals that promote leadership and innovation, an engaged and highly effective workforce, delivery of exceptional programs and services, data transparency and usefulness, and the expansion of shared services.

Fiscal Service FY 2017 Budget Highlights
Dollars in Thousands

Bureau of the Fiscal Service	FTE	Amount
FY 2016 Enacted	**1,586**	**$363,850**
Changes to Base		
Base Realignment	108	$0
Technical FTE Adjustment	108	$0
Maintaining Current Levels (MCLs)		$6,032
Pay-Raise		$2,295
Pay Annualization		$620
Non-Pay		$3,117
Efficiency Savings	(30)	($1,935)
Program Efficiencies	(30)	($1,935)
Total FY 2017 Base	1,664	$367,947
Program Changes		
Program Decreases		($14,890)
DATA Act Implementation		($10,780)
Rent Savings		($4,110)
Total FY 2017 Request	**1,664**	**$353,057**

FY 2017 Budget Adjustments

Adjustments to Request
Base Realignment
Technical FTE Adjustment +$0 / +108 FTE

Maintaining Current Level (MCLs)
Pay-Raise +$2,295,000 / +0 FTE
Funds are requested for the proposed January 2017 pay-raise.

Pay Annualization +$620,000 / +0 FTE
Funds are requested for annualization of the January 2016 pay raise.

Non-Pay +$3,117,000 / +0 FTE
Funds are requested for inflation adjustments in non-labor expenses such as GSA rent, postage, supplies, and equipment.

Efficiency Savings
Program Efficiencies -$1,935,000 / -30 FTE
Anticipated savings realized from reduced programmatic and FTE requirements to align with estimated operating levels.

Program Decreases

DATA Act Implementation -$10,780,000 / +0 FTE

With the implementation of the DATA Act anticipated to be well underway, it is expected that Fiscal Service will be able to decrease the funding needed to complete the balance of the government-wide legislative requirements.

Rent Savings -$4,110,000 / +0 FTE

With the final closeout of the Emeryville, California lease, Fiscal Service is realizing the last portion of the Payment Center Closure savings.

Explanation of Budget Activities

Accounting and Reporting ($114,167,000 from direct appropriations, $13,344,000 from reimbursable resources)

The Accounting and Reporting activity consists of three programs: Government Agency Investment Services, Government-wide Accounting and Reporting, and Summary Debt Accounting. In prior budget submissions, these three programs were separate budget activities. Fiscal Service has combined the three programs into one budget activity due to their commonalities. Additionally, all three support the Treasury Strategic Goal Three to "Fairly and effectively reform and modernize the federal financial management, accounting, and tax systems."

The Government Agency Investment Services program issues, services, and redeems Government Account Series securities for federal agencies that have legislative authority to invest, administers State and Local Government Series securities and offers a flexible investment alternative for state and local governments to refinance their outstanding tax-exempt debt, and represents Treasury's role in the federal loan program.

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 federal program agencies in improving their Government-wide accounting and reporting responsibilities. GWA gathers and publishes government-wide financial information in the Daily Treasury Statement, the Monthly Treasury Statement and the Financial Report of the United States Government that are used in establishing fiscal and debt management policies and by the public and private sectors to monitor the government's financial status.

The Summary Debt Account (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 Treasury's annual Agency Financial Report. SDA also consistently receives unqualified opinions on the *Schedules of the Federal Debt.*

Collections ($40,225,000 from direct appropriations, $4,869,000 from reimbursable resources)

The Collections Program supports Treasury's Strategic Goal Three to "Fairly and effectively reform and modernize the federal financial management, accounting and tax systems" which includes the 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, custom 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 Collection ($0 from direct appropriations, $151,934,000 from reimbursable resources)

The Debt Collection Program supports Treasury Strategic Goal Three to “Fairly and effectively reform and modernize the federal financial management, accounting and tax systems” which includes the 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.

Payments ($115,141,000 from direct appropriations, $88,858,000 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. This activity also includes controlling and providing financial integrity to the payments process through reconciliation, accounting, and claims activities. In addition, Fiscal Service collects monies from those parties liable for fraudulent or otherwise improper negotiation of government checks.

The Do Not Pay Business Center (DNP) provides a single centralized point of entry 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. DNP provides agencies insights and analytics based on reviews of multiple payment streams. Additionally, the DNP working system is integrated into the Treasury payment stream, enabling real-time at payment matching with selected data sources.

Retail Securities Services ($71,186,000 from direct appropriations, $8,080,000 from reimbursable resources)

The Retail Securities Services (RSS) Program offers simple, safe, and affordable securities that enable Americans to invest and save for their future. The program serves more than 50 million investors by processing millions of transaction 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.

Wholesale Securities Services ($12,338,000 from direct appropriations, $1,400,000 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 that are purchased mostly by commercial market participants.

Legislative Proposals

New for FY 2017 President’s Budget

1. **Option to access the National Directory of New Hire Data via the Do Not Pay Business Center**

   The 2017 Budget includes a package of proposals to allow additional programs and agencies authority to access the National Directory of New Hire Data, a federal database of employment and unemployment insurance information administered by the Office of Child

Support Enforcement within the Department of Health and Human Services. Access to this data is tightly controlled by statute, and HHS implements strong privacy, confidentiality, and security protections to protect the data from unauthorized use or disclosure.

Re-proposed from FY 2016 President's Budget

1. **Increase delinquent state income tax debt collections by allowing offset of federal income tax refunds to collect delinquent state income taxes for out-of-state residents.** *Estimated collections: $2.3 billion in state taxes over 10 years (no federal revenue)*

2. **Reduce costs for states collecting delinquent income tax obligations by allowing states to send notices of intent to offset federal tax refunds to collect state income tax obligations by regular first-class mail, rather than by certified mail.** *Estimated savings: $202.4 million over 10 years (no federal revenue)*

3. **Increase delinquent federal non-tax debt collections by authorizing administrative bank garnishment for non-tax debts of commercial entities.** *Estimated Collections: $320 million in commercial debts over 10 years*

4. **Increase and streamline recovery of unclaimed assets owed to the United States by authorized Treasury to locate and recover assets of the United States and to retain a portion of amounts collected to pay for the costs of the recovery.** *Estimated recoveries $85 million over 10 years*

Fiscal Service Performance by Budget Activity

Budget Activity	Performance Measure	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016 Target	FY 2017 Target
Collections	Percentage Collected Electronically of Total Dollar Amount of Federal Government Receipts	97	98	98	98	98
Debt Collection	Amount of Delinquent Debt Collected Through All Available Tools ($ billions)	7.02	6.91	7.28	7.36	7.56
Accounting and Reporting	Percentage of Government-Wide Accounting Reports Issued Timely	100	100	99.5	100	100
Payments	Percentage of Treasury Payments and Associated Information Made Electronically	92.5	94.4	94.8	95	95
Retail Securities Services	Cost Per Customer Assisted Transaction	N/A	N/A	N/A	N/A	B
Retail Securities Services	Cost per Electronic Transaction	N/A	N/A	N/A	N/A	B
Wholesale Securities Services	Percent of Auction Results Released Accurately	99.6	99.3	97	100	100

Key: DISC - Discontinued

Description of Performance

Accounting and Reporting: In FY 2015 the Fiscal Service achieved 99.5 percent timely provision of Government-wide Accounting reports. These reports include the Daily Treasury Statement, Monthly Treasury Statement, and Consolidated Financial Report. The Fiscal Service continues to maintain the established process of validating and reconciling data with reporting sources such as Payment Centers, federal program agencies, and various electronic deposit and payment applications. The bureau will continue modernization efforts to ensure the timeliness of these reports and anticipates it will achieve the 100 percent target for FY 2016 and FY 2017.

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 2015, 98 percent of revenue collections were settled electronically. The Fiscal Service expects to maintain an electronics collections rate of at least 98 percent in FY 2016 and FY 2017.

Debt Collection: In FY 2015, the Fiscal Service collected $7.28 billion in delinquent debt. The goal for FY 2016 and FY 2017 is to collect $7.36 billion and $7.56 billion, respectively, in delinquent debt by expanding the use of the administrative wage garnishment collection tool, enhancing the use of analytics, and proposing 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.

Payments: The measure *Percentage of Treasury Payments and Associated Information Made Electronically* supports Treasury Strategic Goal Three to "Fairly and effectively reform and modernize the federal financial management, accounting and tax systems". 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 98 percent of its benefits payments and 94.8 percent of its total payments via EFT. Fiscal Service expects to achieve its targets in FY 2016 and FY 2017 by expanding electronic conversion efforts to additional benefits agencies and payment types such as vendor miscellaneous payments and federal tax refunds.

Retail Securities Services: Fiscal Service will add new performance measures in FY 2017 to support Treasury's goal of promoting savings and the bureau's goal to serve as a catalyst for effective government through initiative and innovation. The *Cost per Electronic Transaction* and *Cost per Customer Assisted Transaction* measures will demonstrate investor self-service and customer service efficiency, respectively, for all securities currently offered as well as future offerings. Fiscal Service plans to establish targets for each measure in FY 2016 and meet those targets by maintaining a skilled customer workforce and streamlining operations to effectively manage costs.

Wholesale Securities Services: The accurate release of auction results 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 2015, Fiscal Service released 99.6 percent of auction results accurately. Fiscal Service anticipates meeting its future year targets of 100 percent 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 2015 Actuals	FY 2016 Enacted[1]	FY 2017 Request	FY 2016 TO FY 2017 $ Change	FY 2016 TO FY 2017 % Change
Taxpayer Services	$2,173,684	$2,333,376	$2,406,318	$72,942	3.13%
Pre-filing Taxpayer Assistance and Education	609,196	629,920	643,197	13,277	2.11%
Filing and Account Services	1,564,488	1,703,456	1,763,121	59,665	3.50%
Enforcement	$4,767,563	$4,864,936	$5,216,263	$351,327	7.22%
Investigations	601,665	604,620	714,208	109,588	18.13%
Exam and Collections	4,018,292	4,108,566	4,347,684	239,118	5.82%
Regulatory	147,606	151,750	154,371	2,621	1.73%
Operations Support	$3,601,436	$3,746,688	$4,314,099	$567,411	15.14%
Infrastructure	833,846	832,543	895,094	62,551	7.51%
Shared Services and Support	1,126,230	1,141,485	1,197,954	56,469	4.95%
Information Services	1,641,360	1,772,660	2,221,051	448,391	25.29%
Business Systems Modernization	$107,745	$290,000	$343,415	$53,415	18.42%
Subtotal Internal Revenue Service	**$10,650,428**	**$11,235,000**	**$12,280,095**	**$1,045,095**	**9.30%**
Reimbursables	103,474	133,987	140,686	6,699	5.00%
Offsetting Collections - Non Reimbursables	10,314	42,797	44,937	2,140	5.00%
User Fees	438,557	509,309	399,730	(109,579)	-21.52%
Recovery from Prior Years	1,908				
Unobligated Balances from Prior Years	294,625	453,357	384,544	(68,813)	-15.18%
Transfers In/Out[2]	7		(5,000)	(5,000)	
Total Program Operating Level	**$11,499,313**	**$12,374,450**	**$13,244,992**	**$870,542**	**7.03%**
Direct FTE	78,107	81,572	84,803	3,231	3.96%
Reimbursable FTE	612	643	675	32	4.98%
Offsetting Collections - Non Reimbursables	11	12	12		
User Fee FTE	1,344	876	1,530	654	74.66%
Unobligated Balances from Prior Years	428				
Resources from Other Accounts[3]	290	2	2		
Total FTE	**80,792**	**83,105**	**87,022**	**3,917**	**4.71%**

[1]FY 2016 Enacted includes $290 million in Section 113 Administrative Provision funding in the following amounts: $176.8 million in Taxpayer Services, $4.9 million in Enforcement, and $108.2 million in Operations Support.

[1]Resources from Transfers In/Out include a FY 2015 transfers between IRS and the Office of National Drug Control Policy (ONDCP) High Intensity Drug Trafficking Area (HIDTA) Program (obligations $7K), and a 2017 transfer out to the Alcohol and Tobacco Tax and Trade Bureau (TTB) ($5M).

[2]Resources from Other Accounts include Other Direct FTE funded by the Department of Health and Human Services (287 FTE in FY 2015) and the Federal Highway Administration (3 FTE projected for FY 2015, and 2 FTE projected for FY 2016 and FY 2017).

Summary

The Internal Revenue Service (IRS) collects the revenue to fund the government and administer the nation's tax laws. In fiscal year (FY) 2015, the IRS processed over 244 million tax returns and other forms, and collected $3.3 trillion in taxes (gross tax receipts before tax refunds of $403 billion), equating to 93 percent of total federal government receipts. The IRS is focusing on a series of improvements to the tax administration system: a more integrated and secure delivery of taxpayer services, a movement to administer taxes through more efficient customer-focused channels, a more streamlined compliance program that identifies issues sooner and resolves them more efficiently, and a stronger set of foundational capabilities to support those efforts.

The IRS is committed to making the tax law easier to access and understand through taxpayer service and enforcement programs that protect the flow of revenue to the government; to improving voluntary compliance in order to reduce the tax gap (the difference between taxes owed and taxes paid on time); and to pursuing those who evade or misrepresent their tax responsibility.

While the IRS continues to respond to new requirements and rapid changes, many of its 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 including service to taxpayers and enforcement activities. These reductions put voluntary compliance, the foundation of our tax system, at risk.

Total resources requested to support IRS activities for FY 2017 are $13,244,992,000. This includes $12,280,095,000 from direct appropriations, of which $514,748,000 is provided via a program integrity cap adjustment intended to improve the integrity of the tax system, and includes a $5,000,000 transfer to the Alcohol and Tobacco Tax and Trade Bureau (TTB) for high return on investment enforcement activities. Resources also include an estimated $140,686,000 from reimbursable programs, an estimated $44,937,000 from offsetting collections, an estimated $399,730,000 from user fees, and an estimated $384,544,000 from prior year unobligated balances. The direct appropriations before the cap adjustment represent an increase of $530,347,000 from the FY 2016 Enacted level of $11,235,000,000. The total Budget request including the program integrity cap adjustment is $12,280,095 and 84,803 full time equivalents (FTEs).

The *IRS Strategic Plan* guides program and budget decisions and supports Goal 3 of the *Department of the Treasury FY 2014 to 2017 Strategic Plan* to "Fairly and effectively reform and modernize federal financial management, accounting, and tax systems."

IRS senior leaders recognize the need to focus its investment process on elements that support increased digital service delivery while preserving its core mission functions. Additionally, IRS recognizes the importance of improving enforcement processes through early issue detection and resolution while ensuring minimal taxpayer burden, and simultaneously maximizing revenue by prioritizing the highest value work. The IRS has established a new investment process and created six strategic themes and one focus area to guide its investment strategy and resource allocation. These themes align with existing Strategic Goals and Objectives and clearly articulate the strategic outcomes which the IRS seeks to achieve.

The FY 2017 Budget request balances IRS priorities with resource availability and provides funding to support:

Theme 1: Facilitate voluntary compliance by empowering taxpayers with secure innovative tools and support – Drives the IRS towards better delivery of tax administration by developing a more taxpayer-centric service and compliance model with a variety of self-service options, early error detection, and resolution tools that will reduce taxpayer burden and facilitate voluntary compliance. Investments will also support the implementation of necessary technology enhancements related to legislative mandates, including the Affordable Care Act (ACA).

Theme 2: Understand non-compliant taxpayer behavior and develop approaches to deter and change it – Leverages data and behavioral analytics to target the most effective non-compliance work in collection and enforcement while delivering a compressed, efficient enforcement cycle with early, upfront error detection and resolution.

These investments will fund the use of network analysis to investigate abusive tax schemes, the enforcement and deterrence of non-compliance abroad through the implementation of the Foreign Account Tax Compliance Act (FATCA), and appropriate, balanced coverage by improving audit and collection coverage rates.

Theme 3: Leverage and collaborate with external stakeholders - While the IRS is not requesting new investments in this theme, the IRS is continuing existing efforts to improve partnerships with all its stakeholders.

Theme 4: Cultivate a well-equipped, diverse, skilled workforce – Although no new investments are being requested for this theme, the IRS will continue to advance it using available resources. Deliberate workforce planning and knowledge management are cornerstones to the IRS's ability to execute a new era of tax administration. Knowledge management and a diverse, skilled workforce will be achieved through active corporate workforce planning that identifies and closes skill gaps across the organization.

Theme 5: Select highest value work using data analytics and a robust feedback loop – The IRS is not requesting new investments for this theme. With the next generation of analytics, the IRS will continuously improve tax administration and the taxpayer experience by evaluating the effectiveness of data-driven approaches for identifying and resolving taxpayer issues accurately and early. This theme focuses on harnessing data to inform work streams and enhance case selection capabilities and also includes an internal and external feedback loop to avert or address compliance issues quickly.

Theme 6: Drive more agility, efficiency, and effectiveness in IRS Operations – Ensures compliance with Federal Records Act of 1950 as amended (44 U.S.C. Chapter 31), which requires all systems to implement an electronic retention policy and the Managing Government Records Directive (M-12-18) which instructs agencies to manage electronic records more efficiently and effectively. Investments in this area enable faster responses to customers. Investments include: A robust electronic records management program, new software for processing information returns from third parties; improvements to the IRS's revenue financial accounting systems; and funds to keep Information Technology (IT) infrastructure current for existing and newly deployed systems.

These investments will increase organizational performance by reducing and eliminating manual processes and improving the reliability of enterprise infrastructure to support new and changing requirements from legislation, presidential orders, Government Accountability Office (GAO) recommendations, and demands from taxpayers.

Focus Area: Strengthen Cybersecurity and Eliminate Identity Theft – Provides investments that combat Stolen Identity Refund Fraud and includes detection and prevention, assistance to victims, and law enforcement. In addition, the IRS plans to institute multiple layers of electronic security, including multi-factor authentication for access to taxpayer-facing systems and authentication at the time of filing. The IRS will enhance the security of its networks via the use of a cyber-threat forensics, implementation of a comprehensive patch management system, and the adoption of government-wide information security continuous monitoring tools as parts of a layered defense.

IRS FY 2017 Budget Highlights

	Taxpayer Services		Enforcement		Operations Support		BSM		TOTAL	
Internal Revenue Service	$000	FTE	$000	FTE	$000	FTE	$000	FTE	$000	FTE
FY 2016 Enacted (before Administrative Provision 113)	**$2,156,554**	**27,887**	**$4,860,000**	**38,840**	**$3,638,446**	**11,752**	**$290,000**	**440**	**$10,945,000**	**78,919**
FY 2016 Administrative Provision 113	**$176,822**	**2,483**	**$4,936**		**$108,242**	**170**			**$290,000**	**2,653**
Improve Taxpayer Service	176,622	2,483			1,800				178,422	2,483
Cyber Security					95,442	170			95,442	170
Strengthening the Prevention of Identity Theft	200		4,936		11,000				16,136	
FY 2016 Enacted	**$2,333,376**	**30,370**	**$4,864,936**	**38,840**	**$3,746,688**	**11,922**	**$290,000**	**440**	**$11,235,000**	**81,572**
Changes to Base:										
Maintaining Current Levels (MCLs):	**$33,446**		**$75,008**		**$60,994**		**$900**		**$170,348**	
Pay Annualization	6,440		14,952		5,392		191		26,975	
Pay Raise	23,856		55,386		19,975		709		99,926	
Non-Pay	3,150		4,670		35,627				43,447	
Efficiencies/Savings:	**($3,708)**	**(72)**			**($58)**				**($3,766)**	**(72)**
Increase e-File Savings	(3,708)	(72)			(58)				(3,766)	(72)
Subtotal FY 2017 Changes to Base	**$29,738**	**(72)**	**$75,008**		**$60,936**		**$900**		**$166,582**	**(72)**
FY 2017 Current Services (Base)	**$2,363,114**	**30,298**	**$4,939,944**	**38,840**	**$3,807,624**	**11,922**	**$290,900**	**440**	**$11,401,582**	**81,500**
Program Increases:										
Budget Request Program Increases:										
Facilitate Voluntary Compliance by Empowering Taxpayers with Secure Innovative Tools and Support										
Implement Changes to Deliver Tax Credits and Other Requirements for the Affordable Care Act					153,240				153,240	
Leverage New Technologies to Advance the IRS Mission					973		52,515	29	53,488	29
Improve Taxpayer Service	33,503	604			14,952	9			48,455	613
Subtotal	**$33,503**	**604**			**$169,165**	**9**	**$52,515**	**29**	**$255,183**	**642**
Drive More Agility and Efficiency in IRS Operations										
Enterprise Electronic Records Management Solution					18,543	46			18,543	46
Subtotal					**$18,543**	**46**			**$18,543**	**46**
Strategic Focus: Strengthen Cybersecurity and Eliminate Identity Theft										
Prevent Identity Theft and Refund Fraud and Reduce Improper Payments	9,701	154	44,975	301	35,363	36			90,039	491
Subtotal	**$9,701**	**154**	**$44,975**	**301**	**$35,363**	**36**			**$90,039**	**491**
Subtotal FY 2017 Budget Request Program Increases	**$43,204**	**758**	**$44,975**	**301**	**$223,071**	**91**	**$52,515**	**29**	**$363,765**	**1,179**
Total FY 2017 Total Budget Request	$2,406,318	31,056	$4,984,919	39,141	$4,030,695	12,013	$343,415	469	$11,765,347	82,679
Cap Adjustment Program Increases:										
Facilitate Voluntary Compliance by Empowering Taxpayers with Secure Innovative Tools and Support										
Enterprise Case Management			7,369	22	598				7,967	22
Subtotal			**$7,369**	**22**	**$598**				**$7,967**	**22**
Understand Non-Compliant Taxpayer Behavior and Develop Approaches to Deter and Change It										
Increase Collection Coverage			58,213	678	32,254	21			90,467	699
Increase Audit Coverage			74,161	816	54,274	40			128,435	856
Digitizing Form 990			80	1	2,298	6			2,378	7
FATCA: Implement, Expand Filing Coverage, and Combat Criminal Non-compliance			49,889	203	76,850	70			126,739	273
Pursue Employment Tax and Abusive Tax Schemes			7,210	37	8,576				15,786	37
Increase Investigations of Transnational Organized Crime (TOC)			29,422	130	6,142				35,564	130
Subtotal			**$218,975**	**1,865**	**$180,394**	**137**			**$399,369**	**2,002**
Drive More Agility and Efficiency in IRS Operations										
Operations and Maintenance for Deployed Business Systems Modernization (BSM) Projects					92,174	73			92,174	73
Maintain Integrity of Revenue Financial Systems					10,238	27			10,238	27
Subtotal					**$102,412**	**100**			**$102,412**	**100**
Alcohol and Tobacco Tax and Trade Bureau Transfer:										
Transfer to TTB for High-Return on Investment (ROI) Tax Enforcement Activities			5,000						5,000	
Subtotal			**$5,000**						**$5,000**	
Subtotal FY 2017 Cap Adjustment Program Increases			**$231,344**	**1,887**	**$283,404**	**237**			**$514,748**	**2,124**
Subtotal FY 2017 Total Program Increases Including Cap Adjustment	**$43,204**	**758**	**$276,319**	**2,188**	**$506,475**	**328**	**$52,515**	**29**	**$878,513**	**3,303**
Total FY 2017 Total Budget Request Including Cap Adjustment	$2,406,318	31,056	$5,216,263	41,028	$4,314,099	12,250	$343,415	469	$12,280,095	84,803

IRS Budget Adjustments

FY 2016 Administrative Provision 113 (Public Law 114-113) +$290,000,000 / +2,653 FTE

Section 113 of the Department of the Treasury Appropriations Act of 2016 provided $290,000,000 to: measurably improve the customer service representative level of service (LOS) rate (the percentage of callers to the IRS who receive service from an assistor or automated system), improve the identification and prevention of refund fraud and identity theft, and enhance cybersecurity to safeguard taxpayer data.

These resources, supplemented with user fees, will allow the IRS to achieve a 65 percent LOS during the filing season and 47 percent for FY 2016; this is a substantial improvement over FY 2015 levels. These resources will also increase staff and support technology innovation efforts in relation to cybersecurity; and improve methods of detecting and preventing identity theft/refund fraud patterns and schemes.

Maintaining Current Level (MCLs)

Pay Annualization +$26,975,000 / +0 FTE

Funds are requested for annualization of the January 2016 pay-raise.

Pay-Raise +$99,926,000 / +0 FTE

Funds are requested for the proposed January 2017 pay raise.

Non-Pay +$43,447,000 / +0 FTE

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

Efficiency Savings

-$3,766,000 / -72 FTE

These e-file savings are a result of reduced paper returns. The IRS projects 1,026,100 fewer returns filed on paper in FY 2017 (525,100 individual and 501,000 business returns).

FY 2017 Budget Request Program Increases by Theme and Investment

Investments (dollars in thousands)	Theme 1 Facilitate Voluntary Compliance by Empowering Taxpayers with Secure Innovative Tools and Support		Theme 2 Understand Non-Compliant Taxpayer Behavior and Develop Approaches to Deter and Change It		Theme 6 Drive More Agility, Efficiency, and Effectiveness in IRS Operations		Focus Area Strengthen Cybersecurity and Eliminate Identity Theft		TTB Transfer to TTB High-Return on Investment (ROI) Tax Enforcement Activities		Total	
	$000	FTE	$000	FTE	$000	FTE	$000	FTE	$000	FTE	$000	FTE
FY 2017 Budget Request Program Increase	$255,183	642			$18,543	46	$90,039	491			$363,765	1,179
Implement Changes for the ACA	153,240										153,240	
Improve Taxpayer Service	48,455	613									48,455	613
Leverage New Tech to Adv the IRS Mission	53,488	29									53,488	29
Enterprise eRecords Management					18,543	46					18,543	46
Identity Theft/Refund Fraud							90,039	491			90,039	491
Cap Adjustment	$7,967	22	$399,369	2,002	$102,412	100			$5,000		$514,748	2,124
Enterprise Case Management (PMO)	7,967	22									7,967	22
Increase Collection Coverage			90,467	699							90,467	699
Increase Audit Coverage			128,435	856							128,435	856
Digitizing Form 990			2,378	7							2,378	7
FATCA			126,739	273							126,739	273
Emplymt Tax & Abusive Schemes			15,786	37							15,786	37
Transnat'l Organized Crime (TOC)			35,564	130							35,564	130
O & M for Deployed BSM Projects					92,174	73					92,174	73
Maintain Integrity of Rev Fin Sys					10,238	27					10,238	27
Transfer to TTB									5,000		5,000	
FY 2017 Budget Request Program Increase including Cap	$263,150	664	$399,369	2,002	$120,955	146	$90,039	491	$5,000		$878,513	3,303

The table reflects four of our seven strategic themes or focus areas that were the primary emphasis of our FY 2017 request. The remaining themes (Leverage and collaborate with External stakeholders; Cultivate a well-equipped, diverse, skilled and flexible workforce; and Select highest value work using data analytics and robust feedback loop) are also key to advancing our strategic vision, but were not the subject of specific investments in the FY 2017

Program Increases
FY 2017 Budget Request
+$363,765,000 / +1,179 FTE

Implement Changes to Deliver Tax Credits and Other Requirements for the Affordable Care Act (ACA) +$153,240,000 / +0 FTE
This investment will support established ACA systems capabilities by validating tax credits claimed on individual tax returns; assessing and collecting penalties, taxes, and fees; providing federal tax information to non-IRS entities in the insurance marketplaces; and reconciling reported income, tax credits, and individual shared responsibility payments with information returns. While the Department of Health and Human Services is responsible for 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 funding will also improve technology infrastructure and applications support and provide necessary, major modifications to existing IRS tax administration systems.

This investment supports the *Implement Legislative Mandates* component of Theme 1, Facilitate voluntary compliance by empowering taxpayers with secure innovative tools and support.

Leverage New Technologies to Advance the IRS Mission +$53,488,000 / +29 FTE
This investment supports voluntary compliance through technology projects that will enable better tax administration and simple, consistent taxpayer interactions through the following three investments: Event Driven Architecture (EDA), which reduces return processing time; Enterprise Case Management (ECM), which consolidates and improves multiple case management systems; and a Business Systems Modernization (BSM) expansion to improve core IRS systems and develop systems needed to support the IRS's taxpayer service programs by migrating services from expensive, traditional channels to the internet through the development of additional web applications.

This investment will support the *Development of Innovative Technology and Tools* component of Theme 1, Facilitate voluntary compliance by empowering taxpayers with secure innovative tools and support.

Improve Taxpayer Service
$48,455,000 / +613 FTE

- This investment, along with an estimated $100 million provided from user fees, will allow the IRS to increase full year LOS in FY 2017 to 70 percent, up from 47 percent in FY 2016, and handle additional workload from the expansion of enforcement programs. Taxpayers' expectations are evolving as they continue to shift to completing more day-to-day tasks and responsibilities online. The IRS will invest in delivering high quality and timely service to reduce taxpayer burden and effectively facilitate voluntary compliance. The IRS will also: Invest $5.1 million and 9 FTE for online accounts to modernize and improve self-service options for individual taxpayers, and ultimately business and international taxpayers, by creating an integrated and easy-to-use source for timely, accurate, and consolidated tax filing and tax account information. It will provide the ability to correct returns online, which will reduce the time and money spent on processing amended returns.
- Invest $1.9 million and 14 FTE to support both IRS's Taxpayer Service and Enforcement programs by handling the downstream impact in the Taxpayer Advocate Service (TAS) from increased collection and audit coverage. The additional TAS specialists will ensure the IRS does not create unnecessary burdens

or compromise taxpayers' rights. This investment will support the *Facilitate Voluntary Compliance through Taxpayer Service* component of Theme 1, Facilitate voluntary compliance by empowering taxpayers with secure innovative tools and support.

Enterprise Electronic Records Management Solution +$18,543,000 / +46 FTE

This investment will allow the IRS to manage official records more effectively by implementing new systems to maintain unified records of IRS policy, program, and project development and to create a unified, searchable archive of IRS e-mails to avoid redundant archiving.

This investment will support the *Implement New Capabilities and Systems* component of Theme 6, Drive more agility, efficiency, and effectiveness in IRS operations.

Prevent Identity Theft and Refund Fraud and Reduce Improper Payments
+$90,039,000 / +491 FTE

This investment will support a variety of capabilities and activities that address cybercrime, identity theft, and refund fraud. The IRS's investments to combat stolen identity refund fraud include detection and prevention, assistance to victims, and law enforcement. The IRS will protect taxpayer data, successfully combat cyber threats, and support taxpayer, partner, and IRS business needs using innovative, secure technology.

This investment supports the *Address the Increased Workload Associated with Identity Theft, Refund Fraud, and Improper Payments,* and *Strengthen Technology to Improve the Prevention of Refund Fraud and Improper Payments* components of the IRS's Focus Area.

FY 2017 Budget Request Cap Adjustment Program Increases
+$514,748,000 / +2,124 FTE

Enterprise Case Management
+$7,967,000 / +22 FTE

This investment will fund the ECM Project Management Office (PMO) to integrate ECM implementation throughout the agency and ensure alignment with goals and business plans. The PMO will manage collaboration and alignment with all aspects of case management.

This investment will support the *Facilitate Voluntary Compliance through Taxpayer Service* component of Theme 1, Facilitate voluntary compliance by empowering taxpayers with secure innovative tools and support.

Increase Collection Coverage
+$90,467,000 / +699 FTE

This investment provides nearly 400 additional field collection staff to handle more than 30,000 additional collection cases. Resources will support more than 350 additional Automated Collection System (ACS) staff to address an additional 302,000 ACS cases, and expand several Compliance Services Collection Operations (CSCO) programs that address non-filing and underpayment of taxes in the notice process by more than 320,000 notice dispositions.

This investment will also increase collection coverage through the Withholding Compliance (WHC) program by bringing taxpayers who have serious under-withholding problems into compliance with tax withholding requirements. This program will provide a single-entry system to populate multiple databases, generate WHC correspondence letters, and increase efficiency of WHC employees and the accuracy of the data.

This investment supports the *Strengthen Core Enforcement Programs* and *Develop Innovative Technology* components of Theme 2, Understand non-compliant taxpayer behavior and develop approaches to deter and change it.

Increase Audit Coverage +$128,435,000 / +856 FTE

This investment will improve the audit coverage rate and close over 32,000 additional individual examination cases. Resources will also expand the Automated Underreporter (AUR) program to process more than 400,000 additional cases. The IRS will implement a quality review program for penalty and interest computations.

Audit Coverage investments will provide resources for the following projects:

- Correspondence Imaging for Compliance - creates a central repository for imaged correspondence and allows IRS employees to collaborate and resolve compliance cases more efficiently.
- QuickBooks accounting software - provides license for QuickBooks software to all revenue agents enabling them to accept electronic accounting records and reducing taxpayer burden.
- Innocent Spouse Application (ISA) in Accounts Management System - enhances letter generation, post-case closing transactions, assigns inventory, and create reports that can be queried.
- Corporate Data Initiative (CDI) - establishes an enterprise service model for developing, operating, and maintaining small corporate databases and spreadsheets originally developed in Microsoft Access or Excel.
- 2D Barcoding for Paper Forms 1040, 1040X - allows paper returns using 2D barcodes to be processed electronically.

This investment will support the *Strengthen Core Enforcement Programs* and *Develop Innovative Technology* components of Theme 2, Understand non-compliant taxpayer behavior and develop approaches to deter and change it.

Digitizing Form 990 +$2,378,000 / +7 FTE

This investment will electronically capture data from paper-filed Form 990, *Return of Organization Exempt from Income Tax*, and implement 2D barcodes on these returns. This will increase audit effectiveness and return processing speed, reduce transcription errors, and reduce the incidence of inadvertent disclosure of information resulting from manual redaction errors when posting Forms 990 to public sources.

This investment will support the *Develop Innovative Technology* components of Theme 2, Understand non-compliant taxpayer behavior and develop approaches to deter and change it.

FATCA: Implement, Expand Filing Coverage, and Combat Criminal Non-compliance +$126,739,000 / +273 FTE

This investment will provide staff to identify and address high priority international issues that will ensure that financial institutions and other entities comply with FATCA requirements. Resources will support the build-out of FATCA systems requirements. It will fund updates to the legacy electronic filing system to modify and process FATCA forms, add additional capabilities in the web-based registration system, and enhance functionality in the systems that facilitate the exchange and processing of FATCA data to and from withholding agents, Foreign Financial Institutions (FFIs) and Host Country Tax Authorities and the United States.

This investment will support the *Strengthen Core Enforcement Programs* and *Develop Innovative Technology* components of Theme 2, Understand non-compliant taxpayer behavior and develop approaches to deter and change it.

Pursue Employment Tax and Abusive Tax Schemes +$15,786,000 / +37 FTE

This investment will fund a network analysis tool that will enable the IRS to link multiple potentially abusive returns or information items, facilitating identification of any central figure behind a scheme.

This investment will support the *Strengthen Core Enforcement Programs* and *Develop Innovative Technology* components of Theme 2, Understand non-compliant taxpayer behavior and develop approaches to deter and change it.

Increase Investigations of Transnational Organized Crime (TOC) +$35,564,000 / +130 FTE

This investment will allow IRS employees to work with the Office of National Drug Control Policy (ONDCP) as well as several multiple-agency task forces to support investigations of illegal drug trafficking and money laundering perpetrated by organizations involved in TOC. This investment will allow the IRS to complete an additional 360 investigations annually once new hires reach full potential in FY 2019.

This investment will support the *Strengthen Core Enforcement Programs* component of Theme 2, Understand non-compliant taxpayer behavior and develop approaches to deter and change it.

Operations and Maintenance for Deployed Business Systems Modernization (BSM) +$92,174,000 / +73 FTE

This investment increases IRS IT operations funding for BSM projects. Once systems which are developed and modernized using funds from the BSM appropriation are deployed into regular operation, they must be operated and maintained using funds from the Operations Support appropriation. This investment partially restores the operations support base (FTE, hardware, software, and contractual services).

This investment will support the *Implement New Capabilities and Systems* component of Theme 6, Drive more agility, efficiency, and effectiveness in IRS Operations.

Maintain Integrity of Revenue Financial Systems +$10,238,000 / +27 FTE

This investment will support and improve the IRS's revenue financial accounting systems to ensure timely and accurate reporting of tax data.

This investment will support the *Provide Support for Existing Systems* component of Theme 6, Drive more agility, efficiency, and effectiveness in IRS Operations.

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

The IRS will transfer $5 million to the Alcohol and Tobacco Tax and Trade Bureau (TTB) for high-ROI tax enforcement activities. More detailed information can be found in the TTB chapter of this volume.

Return on Investment (ROI) for IRS FY 2017 Enforcement Initiatives

Dollars in Millions

	First Year (FY 2017)			Full Performance (FY 2019)		
	Cost	Revenue	ROI	Cost	Revenue	ROI
FY 2017 Revenue Producing Enforcement Initiatives	**$388.1**	**$397.5**	**1.0**	**$475.1**	**$2,643.1**	**5.6**
Cap Adjustment Enforcement Initiatives	**$388.1**	**$397.5**	**1.0**	**$475.1**	**$2,643.1**	**5.6**
Immediate and Directly Measurable Revenue-Producing Initiatives	**$207.6**	**$397.5**	**1.9**	**$282.6**	**$2,643.1**	**9.4**
Increase Collection Coverage	90.5	160.5	1.8	127.3	1,216.4	9.6
Increase Audit Coverage	117.1	237.0	2.0	155.3	1,426.7	9.2
Strategic Revenue-Producing Initiatives *(which do not have immediately measurable ROI, but clear long-term revenue effects)*	**$180.5**	**$0.0**	**0.0**	**$192.5**	**$0.0**	**0.0**
Digitizing Form 990	2.4	0.0	0.0	3.1	0.0	0.0
FATCA: Implement, Expand Filing Coverage, and Combat Criminal Non-compliance	126.7	0.0	0.0	141.6	0.0	0.0
Pursue Employment Tax and Abusive Tax Schemes	15.8	0.0	0.0	10.1	0.0	0.0
Increase Investigations of Transnational Organized Crime (TOC)	35.6	0.0	0.0	37.7	0.0	0.0

FY 2017 Revenue-Protecting Enforcement Initiatives

Dollars in Millions

	First Year (FY 2017)			Full Performance (FY 2019)		
	Cost	Revenue	ROI	Cost	Revenue	ROI
Revenue Protecting Initiatives *(which protect taxpayer information, prevents identity theft, and results in long-term revenue protection)*	**$101.3**	**$676.0**	**6.7**	**$124.3**	**$1,526.0**	**12.3**
Before Cap Adjustment Revenue Protecting Initiative	**$90.0**	**$612.0**	**6.8**	**$107.6**	**$1,146.0**	**10.7**
Prevent Identity Theft and Refund Fraud and Reduce Improper Payments	90.0	612.0	6.8	107.6	1,146.0	10.7
Cap Adjustment Revenue Protecting Initiative	**$11.3**	**$64.0**	**5.7**	**$16.7**	**$380.0**	**22.8**
Increase Audit Coverage (revenue-protecting portion)	11.3	64.0	5.7	16.7	380.0	22.8

Explanation of Budget Activities

Taxpayer Services

The FY 2017 President's Budget request is $2,406,318,000 in direct appropriations, an estimated $36,465,000 from reimbursable programs, an estimated $116,841,000 from user fees, and an estimated $12,000,000 from unobligated balances from prior years for a total operating level of $2,571,624,000. This appropriation funds the following budget activities.

Pre-filing Taxpayer Assistance & Education ($643,197,000 from direct appropriations, an estimated +$83,000 from reimbursable resources, and an estimated $3,386,000 from user fees)

This budget activity funds services to assist taxpayers with understanding and meeting their tax obligations, including tax law interpretation, publication, production, and advocate services.

Filing & Account Services ($1,763,121,000 from direct appropriations, an estimated $36,382,000 from reimbursable resources, and an estimated $113,455,000 from user fees)

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. The IRS continues to make progress in decreasing paper returns and increasing the use of electronic filing and payment methods.

Enforcement

The FY 2017 President's Budget request is $4,984,919,000 in direct appropriations, an estimated $47,222,000 from reimbursable programs, an estimated $44,937,000 from non-reimbursable offsetting collections, an estimated $14,594,000 from user fees, an estimated $30,147,000 from unobligated balances from prior years, $231,344,000 as part of a program integrity cap adjustment, and a negative $5,000,000 transfer from the cap adjustment request to the TTB. The total FY 2017 operating level is $5,348,163,000.

In conjunction with specified funds provided in the IRS Operations Support account, the program integrity cap adjustment of $514,748,000 will support tax compliance investments expected to generate high returns on investment in the form of increased tax revenues. This appropriation funds the following budget activities.

Investigations ($714,208,000 from direct appropriations, and an estimated $45,789 from reimbursable resources)
This budget activity funds the Criminal Investigation (CI) programs that explore potential criminal and civil violations of tax laws, enforce criminal statutes relating to violations of tax laws and other financial crimes, and recommend prosecution as warranted. 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 ($4,347,684,000 from direct appropriations, an estimated $606,000 from reimbursable resources, and an estimated $574,000 from user fees)
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 campus support of the Questionable Refund program and appeals and litigation activities associated with exam and collection.

Regulatory ($154,371,000 from direct appropriations, an estimated $827,000 from reimbursable resources, and an estimated $14,020,000 from user fees)
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 as well as the Office of Professional Responsibility, which identifies, communicates, and enforces Treasury Circular 230 standards of competence, integrity, and conduct of professionals representing taxpayers before the IRS.

Operations Support

The FY 2017 President's Budget request is $4,030,695,000 in direct appropriations, an estimated $56,999,000 from reimbursable programs, an estimated $268,295,000 from user fees, an estimated $66,200,000 from unobligated balances from prior years, and $283,404,000 as part of a program integrity cap adjustment, for a total operating level of $4,705,593,000.

In conjunction with specified funds provided to the IRS Enforcement account, the program integrity cap adjustment of $514,748,000 will support new tax compliance investments that are expected to generate high returns on investment in the form of increased tax revenues. This appropriation funds the following budget activities.

Infrastructure ($895,094,000 from direct appropriations, and an estimated $772,000 from reimbursable resources)
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 ($1,197,954,000 from direct appropriations, an estimated $23,152,000 from reimbursable resources, and an estimated $19,574,000 from user fees)
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, physical security, corporate training, legal services, procurement, and employee benefits programs.

Information Services ($2,221,051,000 from direct appropriations, an estimated $33,075,000 from reimbursable resources, and an estimated $248,721,000 from user fees)
This budget activity funds staffing, equipment, and related costs to manage, maintain, and operate the information systems critical to the support of tax administration programs. This includes the design and operation of security controls and disaster recovery planning. This budget activity funds the development and maintenance of the millions of lines of programming code that support all aspects and phases of tax processing and the operation and administration of the mainframes, servers, personal computers, networks, and a variety of management information systems.

Business Systems Modernization

The FY 2017 President's Budget request is $343,415,000 in direct appropriations, and an estimate of $276,197,000 from unobligated balances from prior years for a total operating level of $619,612,000. This appropriation funds the following budget activity.

Business Systems Modernization
This budget activity funds the planning and capital asset acquisition of IT to modernize IRS business systems, including labor and related contractual costs. It funds investments in 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.

Legislative Proposals

The FY 2017 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 $82.2 billion over the next ten years, which includes $63.6 billion generated by program integrity cap adjustments. The IRS estimates the implementation costs for the FY 2017 President's Budget tax gap proposals to be $57.2 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. 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 2017-2026) of discretionary caps to permit program integrity cap adjustments, which cost about $18 billion while generating approximately $64 billion, for a net savings of $46 billion over the 10-year budget window.

The IRS requests Streamlined Critical Pay (SCP) authority through September 30, 2020.

This authority expired September 30, 2013. Currently there are 14 senior employees under SCP appointments, down from a peak of 30. If the SCP is not renewed, the IRS will face challenges recruiting and retaining top-level talent through FY 2017 as the remaining SCP term appointments expire, 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."

The IRS requests that the Commissioner position be permanently added to 31 U.S.C § 1344(b)(6) as one of the government officials authorized home-to-work transportation. The IRS Criminal Investigations unit completed an extensive assessment of the Commissioner's threat environment and has classified the threat as high. The Treasury Inspector General for Tax Administration (TIGTA) has also recommended that precautions continue to be taken regarding the Commissioner's safety due to the elevated threat environment.

IRS Performance by Program

Programs	Performance Measure	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2015 Target	FY 2016 Target	FY 2017 Target
Taxpayer Service	Customer Contacts Resolved Per Staff Year (E)	20,767	21,018	26,245	21,000	28,000	25,700
Taxpayer Service	Customer Service Representative (CSR) Level of Service (%) (Oe)	60.5	64.4	38.1	38.0	47.0	70.0
Taxpayer Service	Percent of Individual Returns Processed Electronically (%) (Oe)	82.5	84.1	85.3	84.6	86.0	86.0
Enforcement	Automated Collection System (ACS) Accuracy (%) (Oe)	94.4	95.2	95.3	94.0	95.0	95.0
Enforcement	Automated Underreporter (AUR) Coverage (%) (E)	2.8	2.6	2.3	2.6	2.2	2.3
Enforcement	Examination Efficiency - Individual (Form 1040) (E)	142	138	148	135	122	122

Key: DISC – Discontinued

Description of Performance

In FY 2015, the IRS continued to provide quality service to taxpayers and enforce the laws with integrity and fairness, but was unable to maintain some of its performance levels due to resource constraints. Nevertheless, the 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 2015, budget constraints forced the IRS to focus on its top priorities and reduce funding in many areas. The IRS achieved the following results through September 2015:

- Published more than 90 percent of the 700 revised or newly created individual and business tax products prior to the start of the filing season;
- Received more than 139 million individual returns, of which 87 percent were filed electronically
- Provided a 38.1 percent LOS;
- Answered more than 9.7 million assistor calls; and
- Achieved accuracy rates of 95.0 percent for tax law questions and 95.5 percent of account questions received via the telephone.

In FY 2015, the IRS provided valuable services to millions of taxpayers while making it easier for them to participate in the tax system. The IRS:

- Assisted over 217,000 customers with return preparation at VITA sites through Facilitated Self-Assistance (FSA) and 30,000 using Virtual VITA;
- Launched the Free File campaign at the beginning of the 2015 filing season and received more than 650,0000 visits to the Free File website in the first week;
- Completed evaluations and onsite visits for several countries that have signed or agreed-in-substance intergovernmental agreements (IGAs) to determine a country's ability to safeguard taxpayer information, in accordance with FATCA guidelines;
- Produced 117 Tax Tips (110 with Spanish translations) reaching more than 632,000 e-mail subscribers; and
- Issued 102.6 million refunds to individuals totaling $276.9 billion.

The IRS is building an environment of multiple digital service options. In FY 2015, the IRS launched or enhanced an array of services:

- **IRS2Go Mobile, Version 5**. IRS2Go Mobile enables taxpayers to make electronic payments, find the nearest location offering free volunteer tax help, and uses responsive design to update the app for screen sizes of multiple devices. In FY 2015, IRS2Go was downloaded more than 2.3 million times and had over 3.8 million active users
- **Third Party Data Services Pilot**. Enables the IRS to share refund status data with third parties (tax preparation firms, tax preparation software, and state and federal agencies) that require individual taxpayer information**.**
- **Online Payment Agreement (OPA)**. New updates improved the user experience for a number of functions including log-in and authentication, setting up direct debit, and providing better access for business users. Since its launch, more than 200,000 OPA agreements were completed representing more than $650 million in revenue from web transactions.
- **IRS Direct Pay, Release 3**. Adds responsive design and enhancements; email confirmations of payments, cancellations, or reversals, and a Spanish language version. Since the November 2013 launch, the IRS has collected $17 billion through this application, of which $14.9 billion was collected in FY 2015.
- **Directory of Federal Preparers with Credentials and Select Qualifications**. Provides a lookup tool to find return

preparers by location. Since its launch in January 2015, customers performed more than 200,000 searches.

- **Payment Mix Comparison Tool**. Enables preparers, on behalf of the business taxpayer community, to compare the portion of gross receipts from credit card receipts to the business plans of similar businesses from prior years. This tool is intended to encourage accurate reporting by payment recipients and help close the tax gap.
- **Optimized Virtual Service Technology Delivery (VSD)**. Allows taxpayers to have face-to-face interactions with an IRS assistor who is working in a remote location by using video monitors stationed at non-IRS owned taxpayer support sites. So far, IRS has deployed this technology at five sites.

These new services improved existing in-person assistance and phone service to help the IRS collect $3.3 trillion in revenue for FY 2015 and process 244 million tax returns and other forms.

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.

Enforcement

In FY 2015, the IRS collected more than $54.2 billion, a 9 percent decrease from FY 2014. This is the sixth consecutive year the IRS exceeded $50 billion in enforcement revenue for a total IRS-wide ROI of $5.0 to $1. It is important to note, however, that a variety of factors beyond the IRS's control impact enforcement revenue collections, including changes in tax policy and the health of the macroeconomy. Thus, the relatively stable revenues 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 1.1 percent in FY 2010 to 0.8 percent in FY 2015. If IRS enforcement funding had remained at FY 2010 levels, FY 2015 collections would have been higher.

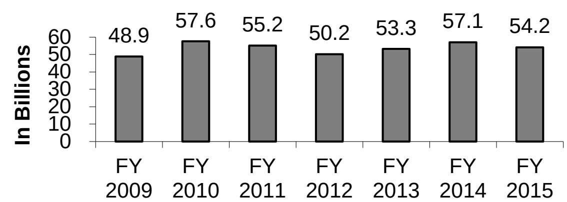

Figure 1: IRS Enforcement Revenue

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 2015 include:

- Completed 4,486 criminal investigations and obtained 2,879 convictions;
- Identified 1,281 questionable refund schemes reflecting $1.2 billion in potentially fraudulent refunds claims and also imposed limits on the number of refunds that can be deposited in a single bank account. As a result, 205,019 refunds totaling $863 million were converted to paper.

- Received 28,635 taxpayer applications from the Offshore Voluntary Compliance Disclosure Program, which permits taxpayers to voluntarily disclose that they failed to report income in offshore bank accounts.

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 2015, the IRS:

- Added additional capabilities to the FATCA registration website and released second-generation software for FATCA registration.
- Released the International Data Exchange Service – which consists of testing with foreign partners to enable them to conduct FATCA reporting; and
- Initiated and deployed the International Compliance Management Model (ICMM), a new system that receives processes, manages, and stores FATCA data and modernizes communications with foreign governments that have Intergovernmental Agreements (IGAs) and Competent Authority Arrangements (CAAs). ICMM processes FATCA reports filed electronically or on paper.

The IRS also implemented an initiative to improve the Fraud Referral Program and examinations of 501(c) tax exempt entities allowing the IRS to identify 19 entities involved in illicit terrorist financing schemes.

During FY 2015, 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 successfully implemented two major provisions: the Refundable Premium Tax Credit; and individual shared responsibility for both individual taxpayer returns and information returns from employers and insurers.

During the 2015 filing season, new technology allowed taxpayers to report health insurance coverage, claim health coverage exemptions, report a shared responsibility payment, and claim the Premium Tax Credit.

The IRS also built the ACA Verification Service (AVS), to enable at-filing checks of tax returns for reporting the Premium Tax Credit, leveraging third-party data from the Insurance Marketplaces and validating ACA-related tax forms. This system, which processed millions of tax returns, helped identify fraudulent and erroneous returns at the initial processing stage, thereby reducing the number of erroneous refunds.

Business Systems Modernization

IRS modernization efforts continued in FY 2015:

- **Return Review Program (RRP)** Initiated the RRP pilot project, which successfully loaded and scored over 98 million electronic refund returns. Of those returns, nearly 800,000 were identified as potential ID theft fraud, representing potentially more than $4.7 billion in government revenues protected. By identifying suspicious cases earlier in the process, RRP was able to reduce the amount of manual analysis work by 20 percent. In its inaugural filing season, RRP operated without interruption.
- **CADE 2** Received Executive Steering Committee approval of the Customer Account Data Engine (CADE) 2 Transition State 2 (TS2) five-year release plan. In addition to continued support of the IRS's current tax processing needs, the plan includes expansion of CADE 2 capabilities. The TS2 five-year release plan will address the Unpaid Assessment Financial Material Weakness, leverage the

CADE 2 database as the Authoritative Source for Financial Statement Audit and Reporting, and begin the migration of core Individual Master File (IMF) functions from Assembly Language Code (ALC) to a modern computer language. Notably, an update in FY 2015 prevented issuance of erroneous notices for limited Failure to Pay Penalties and another enabled capturing historic financial data expected to be useful in audit processes.

Summary of IRS FY 2017 ACA Budget Request

	TAXPAYER SERVICES		ENFORCEMENT		OPERATIONS SUPPORT		TOTAL	
Affordable Care Act (ACA)	$000	FTE	$000	FTE	$000	FTE	$000	FTE
FY 2016 Enacted	**$71,793**	**935**	**$19,984**	**185**	**$112,840**	**724**	**$204,617**	**1,844**
Changes to Base:								
Maintaining Current Levels (MCLs):	**$1,108**		**$310**		**$1,719**		**$3,137**	
Pay Annualization	233		66		344		643	
Pay Raise	865		243		1,273		2,381	
Non-Pay	10		2		102		114	
Subtotal FY 2017 Changes to Base	**$1,108**		**$310**		**$1,719**		**$3,137**	
FY 2017 Current Services (Base)	**$72,901**	**935**	**$20,294**	**185**	**$114,559**	**724**	**$207,754**	**1,844**
Program Increases:								
Budget Request Program Increases:								
Implement Changes to Deliver Tax Credits and Other Requirements for the ACA					153,240		153,240	
Improve Taxpayer Service	32,021	590			9,399		41,420	590
Subtotal FY 2017 Budget Request Program Incre	**$32,021**	**590**			**$162,639**		**$194,660**	**590**
Total FY 2017 Total Budget Request	**$104,922**	**1,525**	**$20,294**	**185**	**$277,198**	**724**	**$402,414**	**2,434**

Office of Financial Stability

Program Summary
Dollars in Billions

	Cumulative Obligated	Cumulative Disbursed	Cumulative Outstanding	Total Cumulative Income	Total Cash Back	Total Estimated Lifetime Costs (as of 11/30/15)	
Bank Support Programs	250	245	1	36	275	-24	
	19	19	0	5	24	-3	
AIG Investment Program (AIG)	68	68	0	1	55	15	*
Automotive Industry Financing Program	80	80	0	7	71	12	
Treasury Housing Programs	38	19			0	35	
Total**	**$455**	**$430**	**$1**	**$49**	**$425**	**$35**	
Additional AIG Common Shares Held by Treasury	0	0	0	18	18	-18	*
Total for Programs and Shares**	**$455**	**$430**	**$1**	**$66**	**$442**	**$17**	

** If all Treasury AIG Investments are combined, it results in a net gain of nearly $2.4 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, the ultimate cost to the taxpayers of TARP investments has dropped from the FY 2009 estimate of $341.0 billion to $34.5 billion as of November 30, 2015 ($17.0 billion when Treasury's additional AIG receipts are included).

In FY 2017, OFS plans to obligate $127 million and use 64 FTEs, a decrease of more than $20 million and 8 FTEs from the updated FY 2016 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 2017.

Description of Performance

<u>Bank Support Programs</u>

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, 2015, the CPP has generated $226.6 billion, $21.7 billion in excess of disbursements, in proceeds for taxpayers with 18 institutions remaining in the program for a total of $263 million in investments outstanding.

Targeted Investment Program (TIP)
OFS completed the wind-down of the $40.0 billion TIP in December 2009 and received net proceeds of $4.4 billion in excess of disbursements. For additional information on TIP, please reference previous budget submissions.

Asset Guarantee Program (AGP)
OFS completed the wind-down of the $5 billion AGP in February 2013, and received more than $4.1 billion in proceeds from the AGP without disbursing any claim payments. For additional information on AGP, please reference previous budget submissions.

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, 2015, 23 institutions have fully repaid their investment, 5 institutions have partially repaid their investment, and one has been taken into receivership, and the program has approximately $445 million in investments outstanding.

<u>Credit Market Programs</u>
Public-Private Investment Program (PPIP)
On March 23, 2009, OFS launched the Legacy Securities Public-Private Investment Program (PPIP) to help restart the market for non-agency residential mortgage-backed securities (RMBS) and commercial mortgage-backed securities (CMBS). The purpose of PPIP was to draw new private capital into the market for legacy RMBS and CMBS by providing financing on attractive terms as well as a matching equity investment from OFS. Treasury invested a total of $18.6 billion in the program. 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 in revenue.

Term Asset-Backed Securities Loan Facility (TALF)
OFS completed the wind-down of TALF in February 2013 when OFS's $100 million disbursed investment was fully repaid. OFS received net proceeds of $685 million in excess of disbursements. For additional information on TALF, please reference previous budget submissions.

Small Business Administration (SBA) 7(a) Securities Purchase Program
OFS sold all its SBA 7(a) securities in the portfolio by FY 2012, marking the successful wind-down of the $368 million program. OFS received net proceeds of $9 million in excess of disbursements. For additional information on SBA, please reference previous budget submissions.

American International Group, Inc. (AIG) Investment Program

The Federal Reserve, and later OFS, after EESA became law, provided assistance to AIG totaling approximately $182 billion, which included $70 billion from OFS and $112 billion committed by the FRBNY. In FY 2013, OFS and the FRBNY completed the recovery of their investments in AIG. OFS and FRBNY have recovered that entire amount and an additional $22.7 billion and Treasury fully exited its investment in AIG in FY 2013. For additional information on AIG, please reference previous budget submissions.

Automotive Industry Financing Program (AIFP)

Under AIFP, OFS invested a total of $79.7 billion in GM, Ally Financial (Ally), and Chrysler.

OFS made loans totaling $50.2 billion (including funds for warranty suppliers) to GM. Some of those loans were subsequently converted to common stock in GM. Through share repurchases by the company, as well as sales of shares to investors, OFS completed its disposition of GM in December 2013, with proceeds of $10.5 billion less than invested.

OFS committed a total of $12.4 billion to Chrysler 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 $11.2 billion for taxpayers through principal repayments, interest, and cancelled commitments. OFS is unlikely to fully recover the difference of $1.2 billion owed by Old Chrysler.

OFS invested $17.2 billion in Ally under TARP (including $884 million invested through GM). OFS has fully liquidated its investment in Ally Financial through repurchases, private placements, an initial public offering (IPO), and underwritten common stock sales and has realized cumulative receipts of $19.6 billion, $2.4 billion more than invested.

Treasury Housing Programs Under TARP

OFS established several programs under TARP to address the historic housing crisis and help struggling homeowners avoid foreclosure wherever possible. These programs have helped millions of homeowners avoid foreclosure and introduced important new reforms for the mortgage servicing industry to help make mortgage modifications become more sustainable and affordable.

Making Home Affordable Program (MHA)

In early 2009, OFS launched the Making Home Affordable® Program (MHA) to help struggling homeowners avoid foreclosure and stabilize the housing market. The cornerstone of MHA is the Home Affordable Modification Program (HAMP), which provides eligible homeowners the opportunity to reduce their monthly mortgage payments to more affordable levels. OFS also introduced additional programs under MHA to help homeowners who are unemployed, "underwater" on their loan (those who owe more on their home than it is currently worth), or are struggling with a second lien. It also includes options for homeowners who would like to transition to a more affordable living situation through a short sale or deed-in-lieu of foreclosure. On June 26, 2014, the Administration extended the application deadline for MHA programs to at least December 31, 2016. In addition, OFS has recently made changes to MHA programs to better assist homeowners avoid foreclosure and create a safety net for borrowers facing rate step-ups in a HAMP modification which include increasing borrower incentives, lowering interest rates, and providing payment relief on HAMP modifications. In July 2015, OFS announced a streamlined modification process under HAMP to assist homeowners who are seriously delinquent and have not completed a HAMP application.

In addition to HAMP, MHA includes additional programs to help homeowners with specific types of mortgages, in conjunction with the Federal Housing Administration (FHA) and the United States Department of Agriculture (USDA). As of November 30, 2015, OFS had disbursed $12.9 billion out of a possible $29.8 billion under MHA.

Housing Finance Agency (HFA) Hardest-Hit Fund

The Administration established the Hardest Hit Fund (HHF) in February 2010 to provide targeted aid to homeowners in states hit hardest by the economic and housing market downturn. As part of the Administration's overall strategy for restoring stability to housing markets, HHF provides funding for state Housing Finance Agencies (HFAs) to develop locally-tailored foreclosure prevention solutions in areas that have been hardest hit by home price declines and high unemployment. From its initial announcement, this program evolved from a $1.5 billion initiative focused on HFAs in the five states with the steepest home price declines and the vast majority of underwater homeowners to a broader-based $7.6 billion initiative encompassing 18 states and the District of Columbia (DC). In December 2015, the Consolidated Appropriations Act, 2016 (P.L. 114-113) granted Treasury authority to make an additional $2.0 billion in commitments through the HHF.

HHF programs vary state to state, but may include such programs as mortgage payment assistance for unemployed or underemployed homeowners, principal reduction to help homeowners get into more affordable mortgages, funding to eliminate homeowners' second lien loans, help for homeowners who are transitioning out of their homes and into more affordable living situations, blight elimination in an effort to stabilize neighborhoods and prevent foreclosures, and down payment assistance to moderate-income qualified homebuyers in distressed markets. As of November 30, 2015, OFS had disbursed $5.8 billion under the HFA Hardest-Hit Fund.

Federal Housing Administration (FHA)-Refinance Program

OFS also continues to support the Federal Housing Administration Short Refinance Program. Under this program, eligible borrowers who are current on their mortgage or complete a trial payment plan but owe more than their home is worth, can refinance into an FHA-insured loan if the lender writes off at least 10 percent of the existing loan. Utilization of the program has been limited with OFS providing coverage for only approximately 4,200 loans refinanced as of September 30, 2015. As such, OFS has reduced the letter of credit (LOC) facility supporting this program from $8.1 billion to $100 million. As of September 30, 2015, the revised lifetime cost estimate for the program is $29 million for outstanding refinanced loans.

Office of Financial Research

Program Summary by Budget Activity

Dollars in Thousands

Budget Activity	FY 2015 Actual	FY 2016 Estimated	FY 2017 Estimated	FY 2016 TO FY 2017 $ Change	FY 2016 TO FY 2017 % Change
Data Center	$17,240	$24,933	$26,039	$1,106	4.44%
Technology Center	$30,970	$28,964	$35,391	$6,427	22.19%
Research and Analysis Center	$10,396	$15,446	$17,156	$1,710	11.07%
Operations and Support Services	$26,110	$29,962	$26,184	($3,778)	-12.61%
Total Cost of Operations	**$84,716**	**$99,305**	**$104,770**	**$5,465**	**5.50%**
FTE	**194**	**230**	**255**	**25**	**10.87%**

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 Treasury Strategic Goal 1: Promote domestic economic growth and stability while continuing reforms of the financial system, and Objective 1.3: Complete implementation of financial regulatory reform initiatives, continue monitoring capital markets, and address threats to stability. The OFR also is aligned with Treasury Strategic Goal 5: Create a 21st-century approach to government by improving efficiency, effectiveness, and customer interaction, and Objective 5.2: Support effective, data-driven decision-making and encourage transparency through intelligent gathering, analysis, sharing, use and dissemination of information. Aligning to these Treasury goals and objectives, and consistent with the Dodd-Frank Act, the OFR has established three 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:

- The 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;

[1] See the OFR's *Strategic Plan for FY 2015-2019* at http://financialresearch.gov/strategy-budget/files/Office-of-Financial-Research-Strategic-Plan-2015-2019.pdf and Treasury's *FY 2014-2017 Strategic Plan* at http://www.treasury.gov/about/budget-performance/strategic-plan/Documents/2014-2017_US_TreasuryStrategicPlan.pdf.

- The OFR is the source of expert knowledge needed to develop and implement types and formats of data reported and collected; and
- 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 policy making, risk management, and data management.

OFR FY 2017 Budget Highlights

Dollars in Thousands

Office of Financial Research	FTE	Amount
FY 2016 Estimated	**230**	**$99,305**
Changes to Base:		
Program Changes		
Program Increases	25	$5,465
Personnel Steady State	25	$3,523
Non-Personnel Steady State		$1,942
FY 2017 Base	**255**	**$104,770**
FY 2017 Estimated	**255**	**$104,770**

Explanation of Budget Activities

Data Center ($26,039,000 from Assessments)

The Dodd-Frank Act requires the Data Center, on behalf of the Council, to collect, validate, and maintain all data necessary to carry out the duties of the Office. Under this mandate, the Data Center provides data services to federal financial regulators to increase efficiency in data acquisition and management, reduce redundant reporting requirements across the regulatory system (including through more effective data sharing arrangements), and secure 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.

Technology Center ($35,391,000 from Assessments)

The Technology Center provides mission-critical analytic services to support the OFR's work with complex, sensitive financial data and the Office's expanding research and analysis activity. In addition, the Technology Center is responsible for safeguarding data and systems, and managing all information technology capabilities within the OFR. These responsibilities include computing and analytic platforms, software, telecommunications, client applications, and office automation solutions.

Research and Analysis ($17,156,000 from Assessments)

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 ($26,184,000 from Assessments)

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's Departmental Offices, as well as other service providers.

OFR Performance by Budget Activity

Description of Performance

The OFR is continuing to review its performance measures in FY 2016 and may revise them based the ability to obtain additional data. 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 Actual	FY 2016 Target	FY 2017 Target
Data Center	Number of LEIs assigned cumulatively to date in the United States and internationally	N/A	N/A	N/A	N/A	395,861	I	I
Data Center	Number of times that financial data standards are incorporated in rules and regulations	N/A	N/A	N/A	N/A	2	I	I
Research and Analysis	Number of research and analysis publications made public year-to-date	N/A	10	15	11	34	25	35
Research and Analysis	Number of monitor editions, policy analyses, and dashboards produced for monitoring threats to financial stability	N/A	N/A	N/A	N/A	21	12	15

Key: DISC – Discontinued

Financial Stability Oversight Council

Program Summary by Budget Activity

Dollars in Thousands

	FY 2015	FY 2016	FY 2017	FY 2016 TO FY 2017	
Budget Activity	Actual	Estimated	Estimated	$ Change	% Change
Financial Stability Oversight Council	$6,236	$8,133	$8,519	$386	4.75%
Federal Deposit Insurance Corporation Payments	$7,628	$6,570	$9,500	$2,930	4.46%
Total Cost of Operations	**$13,864**	**$14,703**	**$18,019**	**$3,316**	**22.55%**
FTE	**22**	**34**	**36**	**2**	**5.88%**

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 10 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 fifth 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 emerging risks; 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 regulatory implementation, and monitor progress on recommendations from the Council's annual reports. In 2015, the Council convened nine times. The Council will continue to remain focused on both identifying near-term threats and addressing structural vulnerabilities in the financial system. Transparency into 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 2017 Budget Highlights

Dollars in Thousands

Financial Stability Oversight Council	FTE	Amount
FY 2016 Estimated	**34**	**$14,703**
Changes to Base:		
Program Changes		
Program Increases	2	$3,346
Personnel Steady State	2	$416
Non-Personnel Steady State		($30)
FDIC Payment Adjustment		$2,930
FY 2016 Base	**36**	**$18,019**
FY 2017 Estimated	**36**	**$18,019**

Explanation of Budget Activities

Financial Stability Oversight Council ($8,519,000 from Assessments)

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.

Federal Deposit Insurance Corporation (FDIC) Payments ($9,500,000 from Assessments)

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 2015 Actual	FY 2016 Estimated	FY 2017 Estimated	FY 2016 TO FY 2017 $ Change	FY 2016 TO FY 2017 % Change
Manufacturing	$636,489	$863,940	$846,335	($17,605)	-2.04%
Total Cost of Operations	**$636,489**	**$863,940**	**$846,335**	**($17,605)**	**-2.04%**
FTE	**1,800**	**1,924**	**1,924**	**0**	**0.00%**

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 2017 Priorities

Produce and deliver U.S. currency notes ordered by the Federal Reserve Board that consistently meet the customer's high quality standards. Create innovative currency designs to provide effective counterfeit deterrence and meaningful access to currency note usage for all; achieve organizational excellence and customer satisfaction through balance investment in people, processes, facilities, and technology.

Banknote Design and Development – There are two main components of currency redesign: Technical and Aesthetic. The primary technical goals in the redesign of U.S. currency are to: Ensure that U.S. currency employs unique and technologically advanced features to deter counterfeiting; facilitate the public's use and authentication; provide accessibility and usability and maintain public confidence. The aesthetic goals in the redesign of U.S. currency are to institutionalize our American history by depicting people, monuments, symbols, and concepts that reflect the past and reinforce a theme for that particular era of currency design.

Meaningful Access – Assist users of U.S. currency, including the blind and visually impaired, with a means to denominate currency. BEP is following two project paths to provide meaningful access, a Currency Reader (an electronic assistive device that can identify a note's value and communicate it to the user) as well as a Raised Tactile Feature (RTF) that will be on future notes.

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 Federal Reserve Board (FRB). During FY 2017, BEP expects to produce and deliver 8.0 billion notes to the FRB to meet currency demand. The FY 2017 order represents a slight decrease in the number of notes expected to be delivered in the FY 2016 program.

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. In 2017, BEP will continue its efforts to research and develop security features working with the National Research Labs to expand our outreach to identify new technologies that may be used. In addition, via its website, www.bep.gov, BEP seeks information on technologies that would enhance the longevity and durability of currency notes in circulation and new technologies or materials that could be developed for future use in counterfeit deterrence.

BEP supports a comprehensive anti-counterfeiting program built around effective note design, public education, and aggressive law enforcement. The Bureau will continue its work in 2017 with the Advanced Counterfeit Deterrent (ACD) Steering Committee to research and develop future currency 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. It was with guidance from the ACD Committee, that the $10 note was selected as the first denomination for redesign. While many factors are taken into consideration, the primary reason for redesigning currency is to address current and potential counterfeiting threats.

Work will continue in FY 2017 on the goal of enabling the Nation's currency to better serve domestic and international users, including the blind and visually impaired. BEP will continue its efforts to research, develop, and test 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 production volumes needed for U.S. currency.

The FY 2017 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.

In addition, funding is requested to continue the Currency Quality Assurance (CQA) Program. The Bureau, in collaboration with its stakeholders, developed a robust CQA Program that began in 2014 and will continue to mature in 2017. Every BEP work activity was aligned and will be resourced to support this integrated, collaborative, and rigorous quality assurance program that focuses on every step of the supply chain from raw material, through the manufacturing process steps to final packaging and delivery. CQA reaches into nearly every "corner" of the BEP organization and its effectiveness depends on a strong cadre of process and production engineers, quality assurance specialists and other specialists in related science and engineering disciplines.

In 2017, the Bureau will continue to implement BEP Human Capital Plan initiatives; efforts will continue to fill gaps in needed STEM skill sets to support our CQA efforts in addition to adding resources in technology development and feature testing areas.

2017 funding is 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.

BEP's current Washington, DC facility has an aging and outdated infrastructure which drives up costs and adversely impacts quality. Work on a replacement production facility is going forward; in May 2015 a site selection evaluation contract was awarded. In 2016 BEP will award a construction management administrative support contract and facility design programming contract. Efforts are also underway in 2016 to narrow down the possible site selections to the top 3 for further evaluation. The new production facility is projected to be completed in the 2022 timeframe, with the new facility fully operational by 2025; however this is subject to change as the project evolves. The Federal Reserve Board, which would pay for a replacement of the Washington, DC facility, supports this project.

BEP FY 2017 Budget Highlights
Dollars in Thousands

Bureau of Engraving and Printing	FTE	Materials	Operating & Capital	Total
FY 2016 Estimated	**1,924**	**$292,250**	**$571,690**	**$863,940**
Changes to Base:				
Maintaining Current Levels (MCLs):	-	-	$9,395	$9,395
Pay-Raise	-	-	$2,404	$2,404
Pay Annualization	-	-	$799	$799
Non-Pay	-	-	$6,192	$6,192
Efficiency Savings:	-	-	($2,000)	($2,000)
Reduction in Overtime	-	-	($2,000)	($2,000)
Subtotal Changes to Base	-	-	$7,395	$7,395
Total FY 2017 Base	**1,924**	**$292,250**	**$579,085**	**$871,335**
Program Changes:				
Program Decreases:	-	-	($25,000)	($25,000)
Currency Reader	-	-	($5,000)	($5,000)
DCF Production Facility Replacement	-	-	($10,000)	($10,000)
Reduction in Retooling	-	-	($10,000)	($10,000)
Total FY 2017 Estimated	**1,924**	**$292,250**	**$554,085**	**$846,335**

FY 2017 Budget Adjustments

Adjustment to Estimates
Maintaining Current Level (MCLs)
Pay-Raise +$2,404,000 / +0 FTE
Funds are required for the proposed January 2017 pay-raise.

Pay Annualization +$799,000 / +0 FTE
Funds are required for and the annualization of the 2016 pay-raise.

Non-Pay +$6,192,000 / +0 FTE
Funds are required for inflation adjustments in non-labor expenses such as GSA rent adjustments postage, supplies, and equipment.

Efficiency Savings
Reduction in Overtime -$2,000,000 / +0 FTE
As a result of CQA driven improvements, BEP anticipates better production yields which will in turn reduce overtime costs.

Program Decreases
Currency Reader -$5,000,000 / +0 FTE
As currency readers are released to the public, fewer devices will be needed to fulfill customers' orders.

DCF Production Facility Replacement -$10,000,000 / +0 FTE
The Project Management contract for BEP's new facility investment was funded in

FY 2016, therefore funding is not needed in FY 2017.

Reduction in Retooling -$10,000,000 / +0 FTE
BEP's retooling needs for FY 2017 are not as large as FY 2016; therefore funding is not needed in FY 2017.

Explanation of Budget Activities

Manufacturing ($846,335,000 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 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016 Target	FY 2017 Target
Manufacturing	Best Places to Work in Federal Government Ranking	47	51	74	99	99
Manufacturing	Lost Time Accident Rate per 100 Employees	1.63	1.73	1.65	1.8	1.8
Manufacturing	Manufacturing Costs For Currency (Dollar Costs Per Thousand Notes Produced)	50.45	44.22	42.35	50.0	50.0
Manufacturing	Percent of Currency Notes Delivered Returned Due to Defects	.466	.00001	.0000003	.0001	.0001

Description of Performance

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 2015 the cost of manufacturing was lower than anticipated; the actual result realized was $42.35 per 1,000 notes produced against a target of $54.00. BEP target for this performance metric in both 2016 and 2017 is set at $50.00 per 1,000 notes produced.

Percent of currency notes returned due to defects is an indicator of the Bureau's ability to provide a quality product. BEP's FY 2015 target for this performance metric was .0001 percent, and the actual result realized for this measure was .0000003 percent. BEP's target for this performance metric will be held constant at .0001 percent for both FY 2016 and 2017.

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 2015 rank was 74 out of 320. BEP will continue to target achievement of an improvement in rank.

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 2015 performance of 27.3 pounds of regulated waste for this metric was against a target of 30 pounds per 1000 notes delivered.

Lost Time Accident Rate per 100 Employees measures the Bureau's ability to reduce injuries and illnesses in the workplace. BEP's 2015 lost time case rate was favorable during the fiscal year at 1.65 against a target of 1.8 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 1.8 per 100 employees for FY 2016 and FY 2017.

United States Mint

Program Summary by Budget Activity

Dollars in Thousands

Budget Activity	FY 2015 Actual	FY 2016 Estimated	FY 2016 Estimated	FY 2016 TO FY 2017 $ Change	FY 2016 TO FY 2017 % Change
Manufacturing	$2,937,553	$2,896,207	$2,956,207	$60,000	2.0%
Total Cost of Operations	**$2,937,553**	**$2,896,207**	**$2,956,207**	**$60,000**	**2.0%**
FTE	**1,651**	**1,874**	**1,874**	**0**	**0.0%**

Summary

The United States Mint (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); promote efficient use of resources through shared services, strategic sourcing, streamlined business processes, and accountability (5.3); and create a culture of service through relentless pursuit of customer value (5.4).

The Mint operates 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 Treasury General Fund.

The Mint's key priorities for FY 2017 include:

- Circulating - Efficiently and effectively mint and issue approximately 16.9 billion circulating coins in FY 2017 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.

FY 2017 United States Mint estimated total revenues are $3,443,193,000, total expenses are $2,956,207,000, of which $40,500,000 are for capital investments, and net results are $486,986,000 in earnings.

Mint FY 2017 Budget Highlights

Dollars in Thousands

United States Mint	FTE	Materials	Operating & Capital	Total
FY 2016 Estimated	**1,874**	**$2,460,000**	**$436,207**	**$2,896,207**
Changes to Base:				
Maintaining Current Levels (MCLs):	-	-	$6,791	$6,791
Pay-Raise	-	-	$2,079	$2,079
Pay Annualization			$691	$691
Non-Pay	-	-	$4,021	$4,021
Efficiency Savings:	-	-	($6,791)	($6,791)
Reduction – Absord MCLs	-	-	($6,791)	($6,791)
Subtotal Changes to Base	-	-	$0	$0
Total FY 2017 Base	**1,874**	**$2,460,000**	**$436,207**	**$2,896,207**
Program Changes:				
Program Increases:				
Circulating and Protection Capital Limitation Increase	-	-	$10,000	$10,000
Metal due to Forecast Increase in Circulating Coin Production	-	$40,000	-	$40,000
Metal Due to Forecast Increase in Numismatic/Bullion Production	-	$10,000	-	$10.000
Subtotal FY 2017 Program Changes		$50,000	$10,000	$60,000
Total FY 2017 Estimated	**1,874**	**$2,510,000**	**$446,207**	**$2,956,207**

FY 2017 Budget Adjustments

Adjustments to Estimates

Maintaining Current Level (MCLs)

Pay-Raise +$2,079,000 / +0 FTE

Funds are required for the proposed January 2017 pay-raise.

Pay Annualization +$691,000 / +0 FTE

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

Non-Pay +$4,021,000 / +0 FTE

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

Efficiency Savings

Operating Cost Savings -$6,791,000 / +0 FTE

The Mint will absorb annual inflationary costs within the current operating budget by effective cost management across all departments within the Mint.

Program Increases

Circulating and Protection Capital LimitationIncrease +$10,000,000 / +0 FTE

The bureau has identified an urgent need to increase its legislative limit by $10 million. This will raise the current limit from $20 million to $30 million beginning in FY 2017. The increased capital limit will allow the Mint to execute a comprehensive capital strategy that focuses on safety, equipment replacements, protection, and facility improvements.

Metal Due to Forecast Increase in Circulating Coin Production +$40,000,000 / +0 FTE

The Mint forecasts that demand for circulating coins will remain strong in FY 2016 and 2017, at 16.3 billion coins and 16.9 billion coins, respectively. To meet the growth in demand, a $40 million increase for metal purchases is required.

Metal Due to Forecast Increase in Numismatic and Bullion Coin Production +$10,000,000 / +0 FTE
The Mint forecasts that the FY 2017 numismatic coin production cost will experience a slight growth of $20 million and the FY 2017 bullion coin production cost will be $10 million lower than the FY 2016 projected level. The net effect is $10 million increase in required metal purchases.

Explanation of Budget Activities

Manufacturing ($2,956,207,000 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, collector 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 2017, the Mint will release quarters honoring Effigy Mounds National Moument (Iowa), Frederick Douglass National Historic Site (District of Columbia), Ozark National Scenic Riverways (Missouri), Ellis Island National Monument (Statue of Liberty) (New Jersey), and George Rogers Clark National Historical Park (Indiana).

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.

In FY 2017, the Mint has authorization to mint two commemorative coins, the Lions Club International Commemorative Coin (Public Law 112-181) and the Boys Town Centennial Commemorative Coin (Public Law 114-30).

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). In 2016, the Mint will release Presidential $1 Coins honoring Presidents Richard M. Nixon, Gerald R. Ford, and Ronald Reagan.

The Presidential $1 Coin Program ends in 2016. 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 2017, the Mint's total estimated budgetary requirements for operating, metal and capital investments are $2,956 million.

Legislative Proposals

Mint repeats a proposal from the FY 2016 President's Budget, to eliminate the 20 percent requirement in the Native American $1 Coin Act.

Mint Performance by Budget Activity

Budget Activity	Performance Measure	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016 Target	FY 2017 Target
Manufacturing	Customer Satisfaction Index (%)	92.6	89.8	89.5	90.0	90.0
Manufacturing	Numismatic Sales Units (Million Units)	5.51	5.7	5.4	4.6	4.1
Manufacturing	Safety Incident Recordable Rate	2.9	3.31	3.42	2.96	2.96
Manufacturing	Seigniorage per Dollar Issued ($)	.24	.37	.49	.47	.46

Key: DISC - Discontinued

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 Mint's service and product quality. The CSI is a quantitative score of survey results. The Mint's CSI reached 89.5 percent in FY 2015, below the target of 90.0 percent.

Numismatic Sales Units

The numismatic sales units metric measures the public demand for coin products sold from numismatic operations. It quantifies the demand for the Nation's official numismatic products. Numismatic sales units totaled 5.4 million in FY 2015, falling short of the 5.6 million target. The decrease mainly resulted from lower customer demand.

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 3.42 recordable injuries and illnesses per 100 full-time workers in FY 2015, above the 2.96 target but below the industry average rate of 5.9 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 $0.49 in FY 2015, above the performance target of $0.24. Results exceeded the target mainly due to a 57 percent increase in FRB orders for circulating quarter-dollar coins above forecast along with lower metals costs and reduced general and administrative costs.

Office of the Comptroller of the Currency

Program Summary by Budget Activity

Dollars in Thousands

	FY 2015	FY 2016	FY 2017	FY 2016 TO FY 2017	
Budget Activity	Actual	Estimated	Estimated	$ Change	% Change
Supervise	$873,414	$993,905	$1,013,782	$19,878	2.00%
Regulate	$103,574	$117,863	$120,221	$2,357	2.00%
Charter	$18,992	$21,532	$21,963	$431	2.00%
Total Cost of Operations	**$995,910**	**$1,133,300**	**$1,155,966**	**$22,666**	**2.00%**
FTE	**3,805**	**3,955**	**3,955**	**0**	**0.00%**

Summary

The Office of the Comptroller of the Currency (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, 2015, the OCC supervised 1,010 national bank charters and 49 federal branches of foreign banks in the United States with total assets of approximately $10.4 trillion, and 416 federal savings associations (which include 165 mutual institutions) with total assets of approximately $688 billion. In total, the OCC supervises approximately $11.1 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 21st-century 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 ($993,905,000 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 ($117,863,000 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 ($21,532,000 from revenue/offsetting collections)

The Charter program consists of ongoing activities that result in the chartering of national banks and federal savings associations as well as the evaluation of the permissibility of structures and activities of banks, federal savings association, and their subsidiaries. This includes the review and approval of new national bank and thrift charters, federal branches and agencies, mergers, acquisitions, conversions, business combinations, corporate reorganizations, changes in control, operating subsidiaries, branches, relocations, and subordinated debt issues.

Legislative Proposals

OCC has no legislative proposals.

OCC Performance by Budget Activity

		Actual	Actual	Actual	Target	Target
Supervise	Percent of National Banks and Federal Savings Associations with Composite CAMELS Rating 1 or 2	80.0	87.0	91.0	90.0	90.0
Supervise	Percentage of National Banks and Federal Savings Associations That Are Categorized As Well Capitalized	94.0	93.0	95.0	95.0	95.0
Supervise	Percentage of National Banks and Federal Savings Associations With Consumer Compliance Rating of 1 or 2	94.0	95.0	96.0	94.0	94.0
Supervise	Rehabilitated National Banks And Federal Savings Associations As A Percentage Of Problem National Banks One Year Ago (CAMEL 3,4, or 5)	34.0	39.0	39.0	40.0	40.0
Supervise	Total OCC Costs Relative To Every $100,000 in Bank And Federal Savings Associations Assets Regulated ($)	9.99	9.75	9.37	10.20	10.20
Charter	Percentage of Licensing Applications and Notices Completed within Established Timeframes	97.0	98.0	97.0	95.0	95.0

Key: DISC – Discontinued

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 and secure U.S. currency, products, and services for use by the public;
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 supports facilitating commerce through the goal of ensuring the safety and soundness of the federal banking system. The OCC has taken a number of steps to improve the cybersecurity of the nation's financial sector critical infrastructure including organizing webinars for community bankers. The agency continues to update 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. The OCC is an active member of the Financial Services Information Sharing and Analysis Center, which provides 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, 2015, 95 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, 2015, 91 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. The OCC continues to focus on the early identification and rehabilitation of problem institutions.

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 96 percent earning a consumer compliance rating of either 1 or 2 through September 30, 2015.

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 97 percent of applications and notices within the time standard through September 30, 2015.

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.

International Programs

Program Summary

Dollars in Thousands

Budget Activity	FY 2015 Enacted	FY 2016 Enacted	FY 2017 Request	*Of which, payment toward unmet commitments*
International Monetary Fund (IMF)	$0	1/	$0	$0
Multilateral Development Banks (MDBs) Total	$1,999,804	$1,816,477	$1,802,958	$150,040
Int'l Bank for Reconstruction and Development (IBRD)	$186,957	$186,957	$5,963	$5,963
African Development Bank (AfDB)	$32,418	$34,118	$32,418	$0
Asian Development Bank (AsDB)	$106,586	$5,608	$0	$0
Inter-American Development Bank (IDB)	$102,020	$102,020	$21,940	$21,940
North American Development (NADB)	$0	$10,000	$45,000	$0
International Development Association (IDA)	$1,287,800	$1,197,128	$1,384,072	$93,472
African Development Fund (AfDF)	$175,668	$175,668	$214,332	$19,332
Asian Development Fund (AsDF)	$104,977	$104,977	$99,233	$9,333
Multilateral Investment Fund (MIF)	$3,378	$0	$0	$0
Food Security Total	$30,000	$74,930	$53,000	$0
Global Agriculture and Food Security Program (GAFSP)	2/	$43,000	$23,000	$0
Int'l Fund for Agricultural Development (IFAD)	$30,000	$31,930	$30,000	$0
Environmental Trust Funds Total	$401,000	$398,563	$409,063	$10,000
Clean Technology Fund (CTF)	$184,630	$170,680	$0	$0
Strategic Climate Fund (SCF)	$49,900	$49,900	$0	$0
ESF Statutory Transfer 3/	$29,907	$9,720	$0	$0
Green Climate Fund (GCF)	$0	$0	$250,000	$0
Central America and Caribbean Catastrophic Risk Insurance Program	$0	$0	$12,500	$0
Global Environment Facility (GEF)	$136,563	$168,263	$146,563	$10,000
Infrastructure	$0	$0	$20,000	$0
Global Infrastructure Facility (GIF)	$0	$0	$20,000	$0
Treasury Office of Technical Assistance	$23,500	$23,500	$33,500	$0
TOTAL	$2,454,304	$2,313,470	$2,318,521	$160,040

1/ The Consolidated Appropriations Act, 2016 includes IMF quota reform. The reforms will not be funded through Treasury's 150s Account, but rather through emergency funding.

2/ Includes permissive transfer authority from USAID to GAFSP, if such contribution will not cause the United States' contribution to exceed 33 percent of total donor contributions.

3/ Provided by sec. 7060(c)(8) of the Consolidated and Further Continuing Appropriations Act, 2015 and sec. 7060(c)(5) of the Consolidated Appropriations Act, 2016.

Summary

The Treasury Department requests $2.3 billion for International Programs in FY 2017. The request provides a cost effective way to provide leadership in international development, advance national security, and expand export markets for American businesses by promoting international financial stability and supporting key global initiatives such as poverty reduction, improved food security, infrastructure investments, and climate change mitigation and adaptation.

Multilateral Development Banks

Treasury requests $105.3 million for annual general capital increase (GCI) commitments at the multilateral development banks (MDBs). GCI payments for the African Development Bank (AfDB) are scheduled to continue through FY 2019. GCI payments for the North American Development Bank (NADB) are scheduled to continue through FY 2021. FY 2017 is the first year since FY 2012 that funding is not requested for scheduled annual installments at the World Bank's International Bank for Reconstruction and Development (IBRD) and the Inter-American Development Bank (IDB), whose GCIs conclude during FY 2016. The FY 2017 request includes $22 million to clear unmet commitments to the IDB and $6 million to clear unmet commitments to the IBRD. The IBRD funding will protect U.S. shareholding at the World Bank by avoiding a forfeiture of shares by the United States.

The request also includes $1.6 billion to fully meet 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 $23 million for the Global Agriculture and Food Security Program (GAFSP), the multilateral component of the President's Feed the Future initiative. In 2012, the United States pledged to contribute $1 for every $2 in new contributions by other donors up to $475 million during the pledge period. While U.S. leadership of GAFSP has been an important component of its success to date, the Administration continues to work with other donors to increase their contributions and to strive for a United States' share of contributions of no more than one-third of total contributions since GAFSP's inception in 2010. In addition, the request includes the second payment of $30 million towards the current replenishment of the International Fund for Agricultural Development (IFAD).

Environment and Clean Energy

Treasury's request fully funds the annual installation of the replenishment commitment to the Global Environment Facility (GEF) at $137 million. Also, the request includes $250 million toward the U.S. pledge to the Green Climate Fund (GCF), providing a total of $750 million for the GCF when combined with $500 million requested through the Department of State. Joining other nations, the United States in 2014 pledged $3 billion – not to exceed 30 percent of total confirmed pledges – to the GCF, which has received over $10 billion in pledges to support the transition of developing countries to a low-emission and climate resilient development path. The GCF includes innovative mechanisms to help mobilize significant private-sector finance and is building on the best practices and lessons learned from the Climate Investment Funds (CIFs), to which the United States has contributed with bipartisan support. FY 2017 is the first year since the United States made its original pledge to the CIFs that funding is not requested for the CIFs because the $2 billion pledge has been fulfilled.

The request also includes $13 million for the Central America and Caribbean Catastrophe Risk Insurance Program multi-donor trust fund. This is the first time Treasury has requested funding for CCRIF. A U.S. contribution will help the six countries of Central America plus the Dominican Republic purchase catastrophe risk insurance coverage under the CCRIF Segregated Portfolio Company and access technical assistance to enhance their disaster risk management capacity, improving their resilience to natural disasters.

Infrastructure

Treasury's request includes $20 million for U.S. support to new infrastructure investments for the World Bank Global Infrastructure Facility (GIF). The GIF aims to catalyze private capital for public infrastructure projects by addressing constraints arising from countries' legal and regulatory regimes, project design and implementation, and project and financing structures. Participation in this initiative will demonstrate a commitment to helping developing and emerging markets, bolster existing infrastructure financing from the MDBs, and reinforce U.S. leadership at the World Bank.

Unmet Commitments

U.S. unmet commitments, which are approaching $1.6 billion, erode U.S. leadership and influence, pose a threat to shaping the policy priorities of the MDBs and related funds, and hamper the ability of these entities to deliver results. The FY 2017 request would reduce these unmet commitments by $160 million for both GCIs and replenishments. In making allocations, Treasury has prioritized unmet commitments at institutions where contributions will most effectively showcase strong U.S. leadership of and commitment to the international financial architecture. The U.S. endeavors to avoid incurring new unmet commitments, but will not fully achieve that goal due to new unmet commitments to the Multilateral Debt Relief Initiative (MDRI).

Specifically, the FY 2017 request allocates $93 million for unmet commitments at IDA. The approximately $777 million in U.S. unmet commitments to IDA severely constrain IDA's overall programming capacity. Paying down unmet commitments would demonstrate sustained support for this global institution, which makes critical contributions to fragile states, citizen security in Central America, international efforts to address disaster responsiveness, and infrastructure financing for the world's poorest countries. Additionally, demonstrating strong progress towards meeting the IDA and IBRD commitments is critical for maintaining U.S. leadership in the World Bank.

The FY 2017 request includes $19 million to pay down U.S. unmet commitments to the AfDF. The nearly $227 million in U.S. unmet commitments constrain the AfDF's capacity to make new investments. Paying down some of the U.S. unmet commitments would increase AfDF assistance, including support for Power Africa, as well as the fight against extremism and instability on that continent.

Treasury's FY 2017 request allocates $9 million for unmet commitments at the AsDF, which is the largest on-budget financier of infrastructure and other services in Afghanistan. The AsDF also promotes energy sector reform in Pakistan, bolsters the democratic transition in Burma, and helps strategic partners in Central Asia reduce their economic dependence on Russia.

The FY 2017 request includes $10 million for unmet GEF commitments, which total $180 million ($135 million from GEF-2 and $45 million from GEF-6). These resources will further increase the GEF's ability to fund environmental projects that support key U.S. priorities, such as the President's Executive Order on Combating Wildlife Trafficking and reducing mercury emissions that contaminate our food supply. Addressing these unmet commitments will help position the United States to capture a GEF-6 encashment bonus for prompt payment.

Treasury Office of Technical Assistance

The FY 2017 request includes $33.5 million for Treasury's Office of Technical Assistance (OTA), representing a $10 million increase over the FY 2016 enacted level. The requested increase would be a down payment on Secretary Lew's commitment at the Financing for Development conference (Ethiopia, July 2015) to double OTA assistance by 2020 to support developing countries' domestic resource mobilization and sound public financial management. If received, this significant and critical funding increase will help enable OTA to respond in a quick and sustained manner to the growing international demand for financial technical assistance around the world, thereby supporting U.S. national security, foreign policy, and economic development priorities, including, for instance, supporting the whole of government effort to expand U.S. engagement in Central America.

Summary of FY 2017 Appropriations Language

Below is a summary of proposed Treasury appropriations language changes from the FY 2016 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❳ *Freedman's Bank Building*; hire of passenger motor vehicles; maintenance, repairs, and improvements of, and purchase of commercial insurance policies for, real properties leased or owned overseas, when necessary for the performance of official business; executive direction program activities; international affairs and economic policy activities; domestic finance and tax policy activities, including technical assistance to ❲Puerto Rico❳ *state and local entities*; *terrorism and financial intelligence activities;* and Treasury-wide management policies and programs activities, ❲$222,500,000❳ *$334,376,000*: *Provided*, That of the amount appropriated under this heading—(1) *Not less than $117,000,000 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;(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; and (❲3❳*4*) not to exceed ❲$22,200,000❳ *$22,000,000* shall remain available until September 30, ❲2017❳*2018*, for—(A) the Treasury-wide Financial Statement Audit and Internal Control Program; (B) information technology modernization requirements; (C) ❲the audit, oversight, and administration of the Gulf Coast Restoration Trust Fund; and❳ *support for the Office of Terrorism and Financial Intelligence;* (D) the development and implementation of programs within the Office of Critical Infrastructure Protection and Compliance Policy, including entering into cooperative agreements*; and (E) international operations: Provided further, That, in addition to the amount otherwise made available under this heading, $7,000,000 shall remain available until September 30, 2018, 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, $117,000,000: *Provided*, That of the amount appropriated under this heading: (1) not to exceed $27,100,000 is available for administrative expenses; and (2) $5,000,000, to remain available until September 30, 2017.❳

CYBERSECURITY ENHANCEMENT ACCOUNT

SALARIES AND EXPENSES

For salaries and expenses for enhanced cybersecurity for systems operated by the Department of the Treasury, $109,827,000, to remain available until September 30, 2019: Provided, That amounts made available under this heading shall be in addition to other amounts available to Treasury offices and bureaus for cybersecurity: Provided further, That amounts made available under this heading may be obligated and expended through allocation accounts available to individual offices and bureaus.

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, $5,000,000, to remain available until September 30, **[**2018**]** *2019*: *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, **[**$35,416,000**]** *$37,044,000*, 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**]** *2018*, 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; **[**$167,275,000**]** *$169,634,000*, of which $5,000,000 shall remain available until September 30, **[**2017**]** *2018*; 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, **[**$700,000,000**]** *$657,000,000* are [rescinded] *hereby permanently cancelled not later than September 30, 2017*.

TREASURY FRANCHISE FUND

For provision of necessary financial and administrative support services by the Administrative Resource Center to implement requirements of the Digital Accountability and Transparency Act (DATA Act; Public Law 13–101) for Federal agencies, $3,000,000, to remain available until expended: Provided, That such amount shall be in addition to any other amounts available for such purpose.

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, [$233,523,000] *$245,923,000*. Of the amount appropriated under this heading—(1) not less than $153,423,000, 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, [2017]*2018*, 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] *$2,882,500* 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 $15,500,000, notwithstanding section 108(e) of Public Law 103–325 (12 U.S.C. 4707(e)), is available until September 30, [2017]*2018*, 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 $19,000,000 is available until September 30, [2017]*2018*, for the Bank Enterprise Award program; (4) not less than $22,000,000, 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, [2017]*2018*, 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) up to [$23,600,000] *$26,000,000* is available until September 30, [2016]*2018*, for administrative expenses, including administration of CDFI fund programs and the New Markets Tax Credit Program, of which [not less than $1,000,000 is for capacity building to expand CDFI investments in underserved rural areas, and] up to $300,000 is for administrative expenses to carry out the direct loan program; [and] *(6) not less than $10,000,000 is available until September 30, 2018, to provide grants for loan loss reserve funds and to provide technical assistance for small dollar loan programs under section 1206 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Public Law 111–203);* and ([6]*7*) during fiscal year [2016]*2017*, 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] *$1,000,000,000*: *Provided further*, That such section 114A shall remain in effect until September 30, [2016]*2017*.

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), **[**$40,671,000**]** *$41,160,000*.

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, **[**$112,979,000**]** *$115,003,000*, of which not to exceed $34,335,000 shall remain available until September 30, **[**2018**]***2019*.

BUREAU OF THE FISCAL SERVICE

SALARIES AND EXPENSES

For necessary expenses of operations of the Bureau of the Fiscal Service, [$363,850,000] *$353,057,000*; of which not to exceed $4,210,000, to remain available until September 30, [2018] *2019*, 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, $106,439,000; 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, [$5,000,000 shall be for the costs of accelerating the processing of formula and label applications] *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 [2016] *2017* under such section 5136 for circulating coinage and protective service capital investments of the United States Mint shall not exceed [$20,000,000] *$30,000,000*.

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**]** *$2,406,318,000*, of which not less than $6,500,000 shall be for the Tax Counseling for the Elderly Program, of which not less than $12,000,000 shall be available for low-income taxpayer clinic grants, **[**and**]** of which not less than **[**$15,000,000, to**]** *$191,822,000 shall* remain available until September 30, **[**2017, shall be available for a Community Volunteer Income Tax Assistance matching grants program for tax return preparation assistance**]** *2018*, *and* 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*: Provided further, That, of the amounts made available until September 30, 2018, not less than $15,000,000 shall be available for a Community Volunteer Income Tax Assistance matching grants program for tax return preparation assistance*.

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] *$5,216,263,000*, of which not to exceed [$50,000,000] *$54,936,000* shall remain available until September 30, [2017] *2018*, and of which not less than $60,257,000 shall be for the Interagency Crime and Drug Enforcement program: *Provided, That, of the amounts provided under this heading, not less than $231,344,000, 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)); the operations of the Internal Revenue Service Oversight Board; and other services as authorized by 5 U.S.C. 3109, at such rates as may be determined by the Commissioner; **[**$3,638,446,000**]** *$4,314,099,000*, of which not to exceed **[**$50,000,000**]** *$158,242,000* shall remain available until September 30, **[**2017**]***2018*; of which not to exceed $10,000,000 shall remain available until expended for acquisition of equipment and construction, repair and renovation of facilities; of which not to exceed $1,000,000 shall remain available until September 30, **[**2018**]***2019*, for research; of which not to exceed **[**$20,000**]** *$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 **[**2017**]***2018*, 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 $283,404,000, 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] *$343,415,000*, to remain available until September 30, [2018] *2019*, 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 in this Act to the Internal Revenue Service may be obligated or expended—(1) to make a payment to any employee under a bonus, award, or recognition program; or (2) under any hiring or personnel selection process with respect to re-hiring a former employee, unless such program or process takes into account the conduct and Federal tax compliance of such employee or former employee.**]**
[SEC. 111. 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. 112. Except to the extent provided in section 6014, 6020, or 6201(d) of the Internal Revenue Code of 1986, no funds in this or any other Act shall be available to the Secretary of the Treasury to provide to any person a proposed final return or statement for use by such person to satisfy a filing or reporting requirement under such Code.**]**

[SEC. 113. In addition to the amounts otherwise made available in this Act for the Internal Revenue Service, $290,000,000, to be available until September 30, 2017, shall be transferred by the Commissioner to the "Taxpayer Services", "Enforcement", or "Operations Support" accounts of the Internal Revenue Service for an additional amount to be used solely for measurable improvements in the customer service representative level of service rate, to improve the identification and prevention of refund fraud and identity theft, and to enhance cybersecurity to safeguard taxpayer data: *Provided*, That such funds shall supplement, not supplant any other amounts made available by the Internal Revenue Service for such purpose: *Provided further*, That such funds shall not be available until the Commissioner submits to the Committees on Appropriations of the House of Representatives and the Senate a spending plan for such funds: *Provided further*, That such funds shall not be used to support any provision of Public Law 111–148, Public Law 111–152, or any amendment made by either such Public Law.]

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, 2021".

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".

SEC. 108. Section 1344(b)(6) of title 31, United States Code, is amended by adding a comma before "the Administrator of the Drug Enforcement Administration", by striking "and" after "Drug Enforcement Administration", and by inserting ", and the Commissioner of Internal Revenue" after "National Aeronautics and Space Administration".

ADMINISTRATIVE PROVISIONS—DEPARTMENT OF THE TREASURY

(INCLUDING TRANSFERS OF FUNDS)

SEC. 114. 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. 115. 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, upon advance approval of such Committees, not to exceed 2 percent of any such appropriations may be transferred to the "Office of Terrorism and Financial Intelligence": *Provided further*,] That no transfer under this section may increase or decrease any such appropriation by more than 2 percent.

SEC. 116. 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. 117. 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. 118. 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. 119. 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. 120. 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. 121. 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 [2016]*2017* until the enactment of the Intelligence Authorization Act for Fiscal Year [2016]*2017*.

SEC. 122. 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. 123. 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. 124. (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. 125. 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. 126. 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. 127. During fiscal year 2016—

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

SEC. 126. Of the funds made available by this Act to the Internal Revenue Service and Alcohol Tobacco Tax and Trade Bureau, not less than $8,854,065,000 shall be specified to pay for the costs of 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. 127. 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 "This section is repealed, and the" and inserting "The", by striking the comma after "terminate", and by striking "2014" and inserting "2017".*

SEC. 128. Paragraph 5112(r)(5) of title 31, United States Code, is amended by inserting "for circulation" after both instances of "minted and issued".

SEC. 129. Paragraph 3111(c)(2) of title 5, United States Code, is amended by inserting "or the Office of Tax Policy," after "the Internal Revenue Service,".

Explanation for proposed section 129: Treasury requests that like students hired by IRS, students hired by the Office of Tax Policy be treated as employees for purposes of section 6103. Officers and employees of the Department of Treasury are authorized to access return information if required by their official duties for tax administration. The provision would not change current law treating IRS student interns as employees for purposes of section 6103.

Mandatory Funding Levels for the FY 2017 President's Budget—Treasury Chapter

(Dollars in Millions, includes Legislative Proposals)

Appropriations (Dollars in Millions)	FY 2015	FY 2016		FY 2017	
	Actual	Estimated	Estimated	$ Change	% Change
Restoration of Lost Interest, Medicare Trust Funds	$251	$0	$0	$0	0.0%
Payment to the Resolution Funding Corporation	2,628	2,628	2,628	0	0.0%
Interest on Uninvested Funds	30	30	30	0	0.0%
Restitution of Forgone Interest	0	1,717	0	(1,717)	-100.0%
Federal Interest Liabilities to States	1	2	2	0	0.0%
Interest Paid to Credit Financing Accounts	8,115	14,855	16,260	1,405	9.5%
Refunding Internal Revenue Collections, Interest	1,061	1,309	1,680	371	28.3%
Interest on Public Debt	402,184	447,293	511,659	64,366	14.4%
Other Interest	(41,789)	(62,702)	(68,146)	(5,444)	8.7%
INTEREST PAYMENTS	$372,481	$405,132	$464,113	$58,981	14.6%
MANDATORY ACCOUNTS					
Allotment for Puerto Rico EITC Payments	0	0	6,642	6,642	0.0%
America Fast Forward Bonds	0	0	288	288	0.0%
Build America Bond Payments, Recovery Act	3,499	3,518	3,775	257	7.3%
Capital Magnet Fund, Community Development Financial Institutions	0	91	80	(11)	-12.1%
Check Forgery Insurance Fund	14	16	16	0	0.0%
Cheyenne River Sioux Tribe Terrestrial Wildlife Habitat Restoration Trust Fund	1	1	1	0	0.0%
Claims, Judgments, and Relief Acts	2,436	1,330	928	(402)	-30.2%
Community Development Financial Institutions Fund Program Account	2	5	0	(5)	-100.0%
Comptroller of the Currency	1,593	1,081	1,134	53	4.9%
Continued Dumping and Subsidy Offset	105	57	49	(8)	-14.0%
Enforcement, IRS	8	0	0	0	0.0%
Exchange Stabilization Fund	39	50	73	23	46.0%
Federal Financing Bank	2,591	2,294	2,164	(130)	-5.7%
Federal Reserve Bank Reimbursement Fund	469	524	529	5	1.0%
Federal Tax Lien Revolving Fund	0	1	1	0	0.0%
Financial Agent Services	627	713	676	(37)	-5.2%
Financial Innovation for Working Families Fund	0	0	100	100	0.0%
Financial Research Fund	94	113	131	18	15.9%
Financing America's Infrastructure Renewal (FAIR) Program	0	0	2	2	0.0%
Fiscal Service	151	139	166	27	19.4%
Grants for Specified Energy Property in Lieu of Tax Credits, Recovery Act	1,959	1,118	650	(468)	-41.9%
GSE Mortgage-Backed Securities Purchase Program Account	178	3	3	0	0.0%
Gulf Coast Restoration Trust Fund	175	132	178	46	34.8%
Hope Reserve Fund	0	87	70	(17)	-19.5%
Informant Payments	71	63	63	0	0.0%
Internal Revenue Collections for Puerto Rico	343	403	372	(31)	-7.7%
IRS Miscellaneous Retained Fees	391	411	404	(7)	-1.7%
Office of Financial Stability	182	148	127	(21)	-14.2%
Pay for Success	0	0	300	300	0.0%
Payment in Lieu of Tax Credits for Promise Zones	0	0	27	27	0.0%
Payment of Government Losses in Shipment	1	1	1	0	0.0%
Payment to Issuer of New Clean Renewable Energy Bonds	29	29	31	2	6.9%
Payment to Issuer of Qualified Energy Conservation Bonds	34	34	37	3	8.8%
Payment to Issuer of Qualified School Construction Bonds	643	646	693	47	7.3%
Payment to Issuer of Qualified Zone Academy Bonds	52	52	56	4	7.7%
Payment Where Adoption Credit Exceeds Liability for Tax	16	1	0	(1)	-100.0%
Payment Where Alternative Minimum Tax Credit Exceeds Liability for Tax	7	5	1	(4)	-80.0%
Payment Where American Opportunity Credit Exceeds Liability for Tax	4,153	4,398	4,308	(90)	-2.0%
Payment Where Certain Tax Credits Exceed Liability for Corporate Tax	152	198	3,388	3,190	1611.1%
Payment Where Child Tax Credit Exceeds Liability for Tax	20,592	21,627	21,579	(48)	-0.2%
Payment Where Earned Income Credit Exceeds Liability for Tax	60,084	61,381	62,211	830	1.4%
Payment Where Health Coverage Tax Credit Exceeds Liability for Tax	0	6	21	15	250.0%
Payment Where Small Business Health Insurance Tax Credit Exceeds Liability for Tax	38	59	80	21	35.6%
Payment Where Specified Energy Property Credit Exceeds Liability for Tax	0	0	58	58	0.0%
Presidential Election Campaign Fund	30	49	53	4	8.2%
Provide a Carbon Dioxide Investment and Sequestration Credit	0	0	0	0	0.0%
Refundable Premium Tax Credit and Cost Sharing Reductions	30,058	39,285	57,700	18,415	46.9%
Reimbursements to Federal Reserve Banks	122	137	138	1	0.7%
Small Business Lending Fund Program Account	31	14	13	(1)	-7.1%
State Small Business Credit Initiative	1	0	1,500	1,500	0.0%
Terrorism Insurance Program	2	88	233	145	164.8%
Travel Promotion Fund	93	93	100	7	7.5%
Treasury Forfeiture Fund	4,252	(2,982)	1,387	4,369	-146.5%
Troubled Asset Relief Program Account	0	548	0	(548)	-100.0%
Troubled Asset Relief Program Equity Purchase Program	3	100	0	(100)	-100.0%
Troubled Asset Relief Program, Housing Programs	40	0	0	0	0.0%
Yankton Sioux Tribe Development Trust Fund	2	0	0	0	0.0%
Subtotal, MANDATORY ACCOUNTS	$135,363	$138,067	$172,537	$34,470	25.0%
Offsets:					
Treasury Mandatory Offsetting Receipts	(26,857)	(21,825)	(23,935)	(2,110)	9.7%
TOTAL, DEPARTMENT OF THE TREASURY	**$480,987**	**$521,374**	**$612,715**	**$91,341**	**17.5%**

Total Treasury Department Mandatory Budget

The Treasury Department Mandatory Budget includes $613 billion dollars in interest payments, mandatory accounts, and offsetting collections (offsets). These accounts and the estimated budget authority are summarized above. Account totals include the effects of FY 2017 policy proposals. For more detailed descriptions of each account, please see the Department of the Treasury chapter in the FY 2017 Appendix, Budget of the U.S. Government at: http://www.whitehouse.gov/omb/budget.

Interest Payments - $464 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 - $173 billion
These are accounts for which the Congress has given the Department of Treasury permanent authority to expend funds as appropriations. 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. The Department is also a custodian for a number of government accounts and funds listed in this section and further detailed in the FY 2017 Appendix, Budget of the U.S. Government.

Offsetting Collections Payments - $24 billion
Offsets collections 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 Collections accounts include the non-budgetary accounts that record all cash flows to and from the Government resulting from direct loans obligated in 2008 and beyond (including modifications of direct loans that resulted from obligations in any year).